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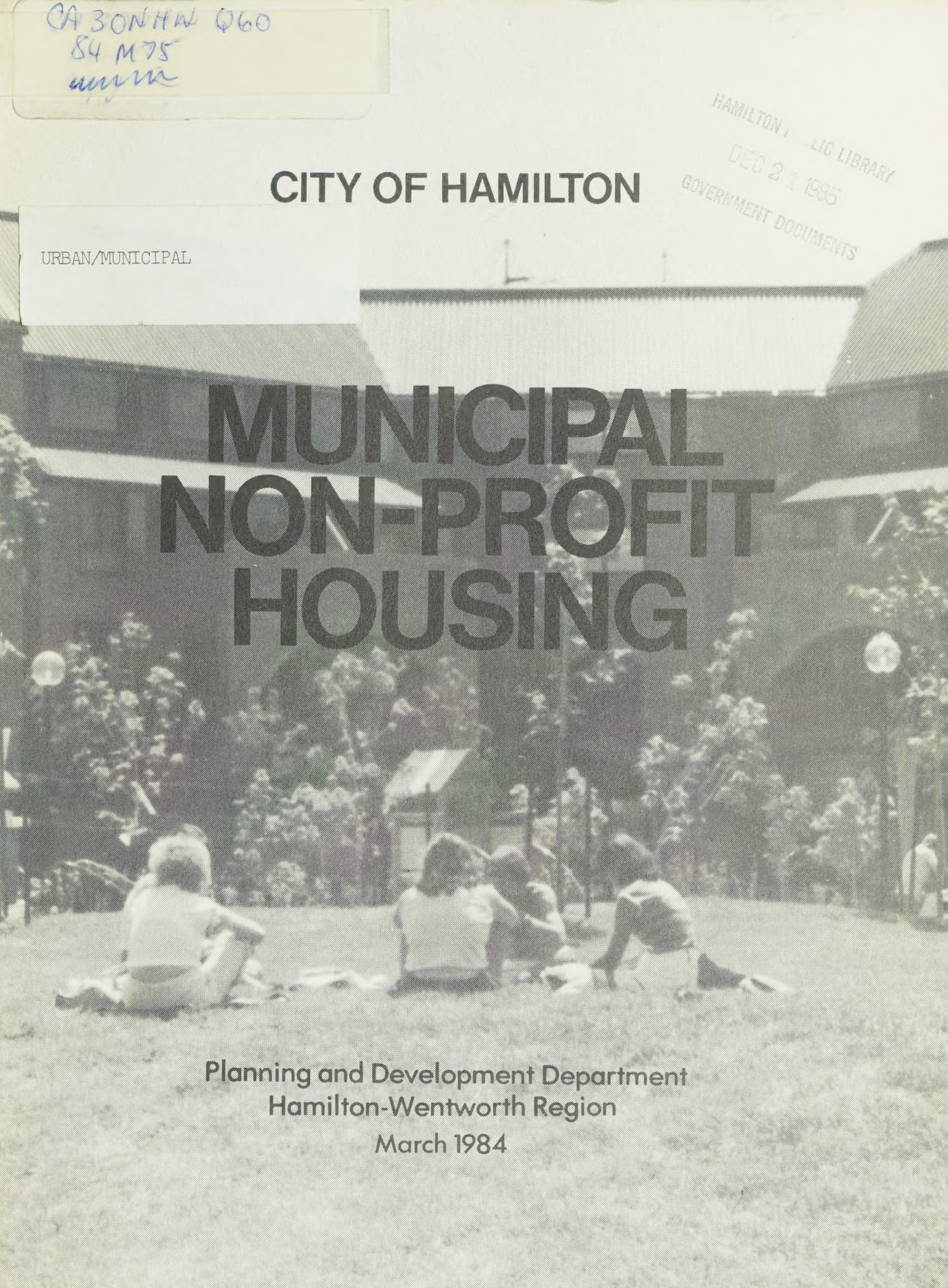
MUNICIPAL NON-PROFIT HOUSING



Planning and Development Department
Hamilton-Wentworth Region

March 1984

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MUNICIPAL NON-PROFIT HOUSING

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1. MUNICIPAL NON-PROFIT HOUSING RECOMMENDATIONS

THE REGIONAL MUNICIPALITY OF HAMILTON-WENTWORTH

Planning and Development Department
71 Main Street West, Hamilton, Ont. L8N 3T4

ITEM NO. 7

January 24, 1984

Refer to File No. P5-4-2-4
Attention of P5-4-2-10
Your File No.

TO: The Chairman and Members
of the City of Hamilton
Planning and Development Committee

SUBJECT

Municipal Non-Profit Housing

RECOMMENDATIONS

1. That City Council approve in principle the establishment of a Municipal Non-Profit Housing Corporation;

2. That the City utilize the $5,000. start-up grant to hire a consultant to conduct the Best Buy Analysis, Procurement Technique, approach to loan lenders, and incorporation of the Municipal Non-Profit Housing Corporation as the first steps in establishing a municipal non-profit housing project; and,

3. That the decision to proceed with the production of non-profit units be reviewed again by Council once the Corporation is established.

EXPLANATORY NOTE

The Municipal Housing Statement Update identified a need for 556 additional assisted housing units, of which 139 would be rent geared to income over the next three years. The Municipal Non-Profit Housing Program can provide the units and also can assist the City to meet other housing objectives and needs at *little or no cost to the local taxpayer.*

Respectfully submitted,

V. J. Abraham, M.C.I.P.
Director of Local Planning

J. D. Thoms, M.C.I.P.
Commissioner
Planning and Development

2. MUNICIPAL NON-PROFIT HOUSING REPORT

MUNICIPAL NON-PROFIT HOUSING

Report to the City of Hamilton
Prepared by
The Regional Municipality
of Hamilton-Wentworth
Planning and Development Department

January, 1984
WP0572P

MUNICIPAL NON-PROFIT HOUSING

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A. Introduction

The City of Hamilton Housing Statement Update 1983 identified a need for 556 additional assisted housing units for families in the City over the next three years. This figure resulted from a questionnaire survey of a sample of City households to determine interest in, and demand for, non-profit housing units, followed by analysis of the existing housing market and future assisted housing supply. The figure of 556 assisted housing units is in addition to what will likely be provided through the Private Non-Profit and Cooperative Housing Programs.

The study concluded that even with seven per cent turnover in existing assisted housing units and CMHC allocations to the City of approximately 500 units over the next three years, a shortfall of 556 assisted housing units will result. Of this figure, 139 units will be required for rent-geared-to-income tenants and 417 will be required for market rental units. Experience in other municipalities suggests that considerably more demand appears once they are actually supplying assisted housing units.

Based on the housing needs survey and market analysis, the Housing Statement Update concluded that there was scope for municipal involvement in non-profit housing for families. No need was identified for seniors.

The purpose of this report is to ascertain whether the City should, in fact, set up a Municipal Non-Profit Housing Corporation.

B.1 The Municipal Non-Profit Housing Program

- Description

  The Municipal Non-Profit Housing Program is administered by the Provincial Ministry of Municipal Affairs and Housing. It uses Federal and Provincial grants to subsidize the costs of the Housing Corporation. Funding is available to municipalities to produce and manage housing in which 25 per cent of the family units (minimum 15 per cent) and 50 per cent of the senior units are rent-geared-to-income (RGI).

  If the Hamilton-Wentworth Housing Authority's point rating system is used to select tenants and if five per cent of the units are available to the handicapped, up to 40 per cent of the units can be rent-geared-to-income in family projects. Half of the RGI units must be offered to the local Housing Authority to house families on its waiting list. The remainder of the RGI units are available to families on the municipal non-profit housing's own waiting list. Geared-to-income rents generally run from 16.7 to 25 per cent of gross income. Market rents are the low side of rents on the private market for an equivalent unit.

- Financial Assistance

Incentive loans and grants:

For municipalities developing their first municipal non-profit project, the program provides:

- Grants of up to $5,000 for municipalities to assess the viability of a municipal non-profit project.

- Interest-free loans for up to 1.75 per cent of estimated project costs for administrative and development costs. Addtional interest-free loans for technical consultants' fees may also be approved, subject to program criteria being met.

Capital funding:

The program provides for:

- National Housing Act (NHA) insurance on mortgage loans from NHA-approved lending institutions such as banks, trust and insurance companies. For municipal non-profit corporations, the mortgage loans would be up to 100 per cent of the lending value of acquired accommodation or new projects.

- The province also makes grants to municipalities wishing to incorporate solar energy packages into their housing projects. These grants cover up to 90 per cent of solar energy domestic hot water systems, with the municipalities paying 10 per cent of costs. The municipal contribution may be recovered from the project if the total project capital costs are within the maximum unit price guidelines.

Operating funding:

The program provides for:

- An annual federal rent reduction grant to help offset operating losses. This grant has the effect of reducing the effective interest rate applied to approved capital project costs to two per cent over a 35-year loan amortization period.

- The province offers an additional rent reduction grant of up to 100 per cent of the federal rent reduction grant if required to offset operating losses.

  These rent reduction grants go towards maintaining over-all rents at market levels, as well as subsidizing the rent-geared-to-income units in the development.

It should be noted that the federal and provincial rent reduction grants should be sufficient to offset operating losses in most municipal non-profit projects. But if additional subsidy is required at this stage, it would be shared on a 50:50 ratio by the federal and provincial governments.

Program Administration:

The ministry is responsible for reviewing and approving all aspects of municipal non-profit projects as well as carrying out construction inspections.

Criteria for approval include evidence of need for the project, for both market rent and rent-geared-to-income components.

Capital costs must be within Canada Mortgage and Housing Corporation (CMHC) maximum unit price guidelines, to ensure moderately-priced, energy-efficient housing.

The ministry ensures that NHA standards and guidelines are maintained.

CMHC insures loans made through NHA-approved lenders and provides the federal rent reduction grant after provincial certification has been given.

In conclusion, the Program is set up in such a way that a municipality can provide housing units at little or no cost to the local taxpayer.

2. Other Housing Programs

The City of Hamilton has a large inventory of assisted housing units provided under various programs. The programs are summarized in Appendix 1 and numbers are provided in Table 1.

Table 1

ASSISTED HOUSING INVENTORY
CITY OF HAMILTON 1982

PROGRAM	FAMILY	SENIOR	HANDICAPPED	TOTAL
PUBLIC HOUSING	1939	3003	36	4978
RENT SUPPLEMENT	232	68	167	467
PRIVATE NON-PROFIT*				
• CONVENTIONAL	1176	1041		2217
• COOPERATIVE	480	0		480
LIMITED DIVIDEND	863	0		863
TOTAL	4690	4112	203	9005

*existing and committed to end of 1982

Source: City of Hamilton - Housing Statement Update, 1983

The only housing program which is continuing to add to its unit inventory is the Private Non-Profit and Cooperative Housing Programs administered by CMHC. The numbers of units coming onstream each year through the non-profit programs, however, are dictated by the unit allocations made to this area.

Rent Supplement units are decreasing as landlords opt out of the Program.

In addition, the Hamilton Housing Company owns 61 senior citizen units in 4 apartment buildings at 68-90 Macassa Avenue and 723-727 Upper Sherman Avenue. Rent subsidies are provided by CMHC under the non-profit housing program and tenants are selected from the Hamilton-Wentworth Housing Authority's waiting list.

3. Advantages of Municipal Non-Profit Housing

There are important differences between the municipal and private non-profit housing programs which translate into advantages of the municipal non-profit housing program.

(i) Unit Allocations

Unit allocations percolate down to the City through a complex process beginning with nation-wide allocations

as part of the Federal budget. CMHC breaks down the national totals to each province based on factors such as population, needs and demand and previous years' allocations. In recent years, the annual unit allocation for Ontario has failed to meet the need and demand in the province and a backlog of unsatisfied demand has developed.

In 1983, the national allocation was 22,500 units of which Ontario received approximately 4200 units for the private non-profit and 2200 units for municipal non-profit program.

When the Ontario provincial unit totals are known (usually in July of the preceding year), a Joint Planning Committee consisting of CMHC Ontario Region and Ministry of Municipal Affairs and Housing officials, reviews the requirements for each municipality in the province on a "fair shares" basis which takes into account households in need, previous years' allocation and other relevant factors. During these discussions, an allocation breakdown for the municipality is decided upon between CMHC projects (private non-profits and co-operatives) and Provincial projects (municipal non-profit projects). Such factors as project viability and administrative capabilities, readiness to proceed and established need are considered.

It is important to note that theoretically the allocations are separated between the CMHC-sponsored projects (Private Non-Profit and Cooperatives) and the Provincially-assisted projects (Municipal Non-Profit Housing). Because of this, there should not be any competition between private and municipal non-profit groups. A new municipal non-profit corporation will not reduce unit allocations to private groups. In reality, however, we are advised by CMHC that the entry of a municipal non-profit corporation into the competition for unit allocations may reduce allocations to private non-profit groups.

The allocation to the Hamilton office of CMHC in 1983 was 500 units, of which 300 were in Hamilton. CMHC has indicated that the allocation for 1984 will probably be equivalent to 1983. CMHC has recently spelled out its criteria for project selection and discussed these with all applicants in order to arrive at a ranking of projects and tentative allocations. To date, CMHC's Regional office has received concrete requests from 35 private groups for some 2000 units.

Concern has been expressed in the past with the large unit allocation made to senior projects in spite of decreasing demand and an oversupply of certain types of units, especially bachelor and one-bedroom units. CMHC indicates no senior projects will receive unit allocations in 1984-85.

Because the unit allocations to the Province for municipal non-profit housing are not sufficient to meet the demand for units, there is a substantial waiting list. Generally, there is a two-year waiting period for allocations. Hamilton, as a new entrant in the field, would have to take its relative position in the queue. The Ministry has suggested that the City could not expect to receive unit allocations until 1986. However, it would take this long to set up the corporation, select a site and satisfy all the requirements of the Ministry, in any case.

(ii) Client Group

Municipal Non-Profit projects must provide a minimum of 15 per cent of its family units on a rent geared-to-income (RGI) basis. A maximum of 40 per cent of the units can be RGI if the OHC point rating system is used. There are no such guarantees for private non-profit projects, although they may apply for separate provincial assistance to that end. Many have not, however, and there is no assurance that applications will be approved.

In fact, private groups are achieving only an average 15 per cent RGI levels in family projects.[1] The remaining 85 per cent of the units are rented out to moderate or higher income earners on a low market rental basis. For example, Victoria Park Community Homes, which has over 900 family units, has only 8% of its units rent geared-to-income.

In Peel, it has been shown that the market rent paid by these higher income families is in the $350-450 per month range, yet the actual cost of the unit can be $800 or more per month. Thus it is clear that large capital outlays and operating costs are being paid by senior levels of government to subsidize 'higher income families' earning $20,000 to $45,000 or more per year.

It appears that in order to benefit the 15 per cent who are in legitimate need, 85 per cent are receiving the benefit of subsidized accommodation even though their incomes do not warrant it. This was a major criticism made of the Program by the Program Evaluation Division of CMHC in November 1983. This is discussed in more detail in Section 4.

A Municipal Non-Profit project could reduce the moderate income (non-RGI) component to 60 per cent from 85 per cent if the Ministry's criteria were met. Also, limits on family incomes could be applied to those living in City projects.

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1 An important exception to this is the Hamilton East Kiwanis Non-Profit Homes Inc. described in Appendix 2.

(iii) RGI Units

As noted in Table 1, there are 1656 private non-profit and cooperative family housing units in the City. It is generally felt that the Private Non-Profit Program has been very well utilized in the City and the numbers of units provided through this program compare well with other municipalities of similar size.

However, if only 15 per cent of these units are provided on a rent geared-to-income basis, only 248 actual RGI famiy units are provided. This is a low figure when the Hamilton Wentworth Housing Authority waiting list regularly fluctuates between 800-1000 families in need per month. With private non-profit unit allocations of 300 in 1984, only some 45 units will be RGI, a minor increase to the total RGI inventory. A municipal non-profit corporation could assure more RGI units coming onstream each year. In addition, the corporation could assure that the most needy are housed, such as those on welfare, unemployed and/or handicapped.

Also, additional assisted housing units provided by a municipal non-profit corporation could accelerate the filtration process as families move into the new units provided, thus freeing other units for other families in need.

(iv) Rental Accommodation

The apartment vacancy rate in the City is currently .8 per cent. It has been less than 1 per cent since October 1981 and less than 2 per cent since April 1980. This is a critically low level, especially since approximately half of Hamilton's households are rental. Of equal concern is the lack of new apartment construction. Since 1980, only 40 apartment units have been built in the City. These were in fact a private non-profit seniors project.

Because of concerns with the lack of rental accommodation, the City established a Rental Development Sub-Committee to recommend ways to stimulate apartment construction and increase the rental unit inventory. Various recommendations were made and have been acted upon. With the same concerns in mind, the Region has implemented a condominium coversion policy in an attempt to prevent the loss of rental units to condominium conversion.

The supply of rental accommodation is still critical. The Municipal and Private Non-Profit Programs add to the affordable rental unit inventory and therefore provide a beneficial service to the community.

(v) Costs

The Municipal and Private Non-Profit Programs both receive assistance from CMHC in the form of start-up funds and mortgage write-down to 2 per cent to assist in operation of projects. Private non-profits are intended to operate on a break-even basis.

Municipal non-profits receive additional assistance from the Province in the form of a grant of up to 100 per cent of the federal rent reduction grant if required to offset operating losses. If additional subsidy is required beyond this stage, it would be shared on a 50/50 ratio by the federal and provincial government. There is, therefore, theoretically, no cost to the municipality. Project staff can be charged to operating expenses of the project. Other costs are recovered by revenues and subsidies. The municipality may choose to provide operating capital if it desires but this is not necessary.

In Peel Region, the municipal non-profit corporation is kept afloat by ongoing development which allows the corporation to charge-back administrative costs to project development. Any municipal contributions through staff, overhead, etc. are returned through property taxes and levies. With the reduction in unit allocations curtailing their development activity, Peel has had to transfer staff from its development side to its maintenance and management side.

Toronto's Cityhome Non-Profit Housing Corporation operates slightly differently. The City pays Housing Department staff directly and recovers expenses for staff support of Cityhome from project revenues: rents, subsidies, and "organization" charges built into mortgages. There is an implicit subsidization of Cityhome by the City, through payment of staff time which is not recovered. It is extremely difficult to estimate the amount of money involved, because of the split between Cityhome and Department responsibilities for individual staff. This "subsidy", however, is not related to production levels. A good part of it is tied to a long standing commitment to keep rents as low as possible in Cityhome's older projects, where earlier legislation provided for a pass-through of costs.

Cityhome itself breaks even. In fact, the Corporation has had a surplus for the past couple of years. Because the bulk of Cityhome revenues and costs relate to projects under management, as opposed to under development, even a complete halt to production would not have a significant impact on Cityhome's ability to break even.

Keith Ward, policy planner of Toronto's Cityhome, indicates that:

> ". . . any muncipal non-profit corporation can potentially break even under the Section 56.1 program. Most services can be contracted out, and there are a number of good consultants who can advise at every stage of construction and management. A municipal council which wishes to exercise very direct control over production will have to be prepared to devote some time, and presumably some staff time, which it may not recover fully, depending upon the degree of involvement and the scale of the project. If a council also wishes to intervene heavily in tenant management issues, it may incur unrecoverable costs. For instance, the Housing Department employs two Tenant Relations Officers who support City Council policies aimed at promoting tenant participation. Such costs would be difficult to sustain given the limits on administration recoveries in the 56.1 program.
>
> Any municipality considering getting into the non-profit housing business would have to establish its priorities. If it wishes to simply build and manage assisted rental housing, keeping the whole thing at arm's length, it should be feasible to undertake any level of activity. If a more interventionist role is desired, then a price may have to be paid for that."

(vi) Planning Coordination

Essentially, private non-profit projects operate independently and even competitively with each other as they vie for scarce unit allocations. There is no coordination of waiting lists or attempts to determine specific needs of the community.

A Municipal Non-Profit Corporation provides a measure of control over various aspects of housing construction and management that can only be achieved through a corporation owned by the municipality. This control can be exercised in a number of areas:

- fit between broader housing policy objectives and specific developments, including design, infilling and neighbourhood fit, protection of existing stock, innovations in form or combination of uses, concentration on specific locations, such as Barton Street or the downtown;

- direct encouragement of private renovation and redevelopment in selected areas;

- promotion of residential use of non-residential lands, expecially those in public ownership (over which only the municipality can have any influence);

- elimination of non-conforming land uses;

- direct facilitation of mixed-use development and creation of public amenities in conjunction with non-profit projects;

- demonstration projects for infilling or energy efficient housing;

- focus on special needs and client groups not served by the private sector or other social housing agencies, i.e. families displaced by clearance of the residential enclaves or parks acquisition. A Municipal Non-Profit Housing Corporation could ensure that these families are offered units in municipal non-profit projects as a first priority.

- coordination of the delivery of support services to tenants having special needs;

- direct encouragement of tenant involvement.

In addition, the staff of a municipal non-profit housing corporation may become housing experts to the municipality with the ability to provide advice and recommendations on a wide range of housing issues, that is not currently available.

4. Future of the Non-Profit Housing Programs

In November 1983, Canada Mortgage and Housing Corporation released its internal report on the evaluation of the Non-Profit and Cooperative Housing Programs (Appendix 3). Presently, CMHC staff are meeting with representatives of the Provinces and special interest groups to obtain their perception of the non-profit and co-op programs. It is expected that this deliberation will result in a document on policy considerations to be submitted to the Federal Cabinet.

The report concluded that, although the Programs have provided good quality accommodation and added to the stock of affordable rental and special purpose housing, they are not a cost-effective way of producing rent geared-to-income housing units and have had only a marginal impact on the outstanding need for assistance.

Because of the concerns expressed in the report, primarily the growing cost of the programs when weighed against benefits to those most in need, there has been widespread speculation in the media that the programs may be

terminated. Shelter allowances have been cited as an alternative to the housing subsidy approach. This would be a major change in direction for the Federal government. The notion has appeal in its simplicity but it does not achieve the social or economic goals of the current programs.

The existing non-profit and cooperative housing programs are designed to meet three objectives:

(i) to provide modest, affordable housing suitable for low and moderate income families and individuals on an integrated basis,

(ii) to produce housing at minimum costs by implementing cost controls, and

(iii) to encourage approved lenders to provide capital for low and moderate income housing needs.

The social benefits of the first objective are obvious. The economic benefits to the private sector of the second objective are more subtle. They are tied into the spin-off effects on the local economy of new housing constructon with its direct job creation and indirect job creation down the line in the manufacture of construction materials, home furnishings, etc.

With regard to the third objective, private lenders are providing the capital so that money is put into the system that would not occur if the housing programs were not available.

While the current programs are falling short of expectations, it is premature to assume that the Federal Government will alter them without careful review of the alternatives and implications to the economy and the range of client groups it is attempting to benefit. For this reason, the current programs will probably continue as is for some time.

The Ministry of Municipal Affairs and Housing has stated that once funding is given to initiate a municipal non-profit corporation, neither the Provincial nor Federal Governments would wish to see those monies lost through termination of the Program; therefore, it is important to move quickly to 'get a foot in the door' and initiate a project.

5. Initiation of a Municipal Non-Profit Housing Corporation

The Ministry of Municipal Affairs and Housing has developed a five-phase procedure through which a municipality must progress in order to establish a Housing Corporation (detailed in Appendix 4). Before the establishment process can begin, the Province requires the completion of a

Municipal Housing Statement and a calculation of the need for assisted housing through a questionnaire survey or waiting list analysis.

As mentioned in the Introduction, the City has completed its Municipal Housing Statement and conducted a questionnaire survey to calculate the need for additional assisted housing units. The need has been established at 556 units over three years. These are divided at 139 rent geared-to-income and 417 market rental units.

The City's next step, if it decides to proceed, is application to the Ministry for start-up funds.

6. Housing Development under a Municipal Non-Profit Housing Corporation

There are several different methods to obtain municipal non-profit housing. Existing units may be purchased and renovated to provide satisfactory rental accommodations. Turn-key projects allow a chosen developer to select the site, design the project, construct the units, and turn the completed project over to the Housing Corporation.

A full tender call system offers potential contractors the opportunity to bid for the construction of the project based on a complete set of working drawings and working specifications prepared by the Corporation. In a modified tender approach, a contractor will bid for the construction of a housing project based on preliminary designs, drawings, and specifications. The successful bidder will have the option of providing whatever method of construction is preferred to meet the submitted preliminary building requirements.

C. Conclusion

The Municipal Non-Profit Housing Program would provide many direct and indirect benefits to the City.

1. It would help to meet the need for assisted housing units. The provision of assisted housing is an ongoing problem. Without a municipal non-profit housing corporation, the City is powerless to help.

   In Hamilton, there is a documented need for 556 additional assisted housing units over the next three years. This is over and above what can be provided by other housing assistance programs.

2. It would give the municipality control over part of the housing supply picture. As a municipally-owned asset, the Municipal Non-Profit Corporation would provide the City with the opportunity to contribute to the production of new housing. There is no other housing program which gives the City this opportunity.

3. A Municipal Non-Profit Housing Corporation would increase the supply of low income housing units as well as market rental units that can be provided by the private groups. The Corporation could house the neediest families who are not considered by the private groups.

4. It would increase the supply of rental accommodation for all income groups. With a rental vacancy rate of .8 per cent and minimal new rental construction, this factor is critical.

5. Through the filtration process, the movement of families into non-profit units would free up other units in the system thus facilitating the provision of better housing for various groups.

6. A municipal housing corporation would permit the City to achieve planning objectives not normally possible. Housing units can be located in areas that meet neighbourhood goals for infilling, upgrading, energy efficiency, converting non-residential to residential, eliminating non-conforming uses, creating mixed use developments, catering to persons or groups with special needs, etc. The added costs to the municipality of meeting these special planning objectives would be returned in the social benefits to the municipality.

7. The Program would increase local assessment, contribute to job creation and add to municipal levies. Spin-off effects to the local economy would also result.

8. Staff of the Municipal Non-Profit Corporation could become municipal housing experts providing advice and assistance to the City, Region and the private sector on assisted housing. It is important that housing experts be involved early in the planning and development process to ensure a quality end product.

9. Since the Corporation's costs are covered by the loans and grants offered by the Provincial and Federal governments, it would provide needed housing units and the other benefits noted above at little or no cost to local taxpayers. It is an opportunity for the City to take a high profile in the provision of housing at relatively low cost.

There are, however, uncertainties about the Program which require the municipality to approach it cautiously.

1. A major drawback appears to be the uncertainty of future unit allocations and the future of the Program itself. For the time being, the program is intact and Hamilton is assured of unit allocations equivalent to

last year's. The Ministry of Municipal Affairs and Housing has advised that the City could not expect an allocation of non-profit units until 1986. The Ministry has also expressed concern with the large numbers of families in need of assisted housing units in the City in recent years. The Ministry, therefore, is eager for the City to become involved in housing and will assist in the provision of satisfactory unit allocations to the best of its ability. Start up in 1986 would give the City the time needed to set up the Corporation then review the advisability of proceeding with actual production of units at that time.

2. Given the potential competition with private non-profit groups for unit allocations and the low number of units the City could expect in its first year of operation, review of production in relation to available unit allocations should be made when the City is ready to proceed. This is critical since there is no point in planning for units that the City has no chance to obtain.

3. Skilled experienced personnel are required to build and manage non-profit housing. This factor must be taken into account in the financial arrangements made. Outside consultants are recommended over City staff.

4. As the planner from Toronto's Cityhome has indicated, the achievement of planning and other housing goals will create costs not covered by the Program itself. The municipality must be prepared to incur these costs to meet these goals.

In conclusion, the benefits to the municipality of the Program extend beyond the provision of assisted housing units. When these benefits are combined with the new housing to be provided, the Program seems well suited to Hamilton's needs. As long as the corporation starts its housing development on a modest scale, keeps staff numbers low, uses low-cost or municipal land where possible, provides readily marketable units such as townhouses and uses outside expertise when necessary, projects should be successful and a benefit to the community, especially in relation to the municipal financial outlay. Review of the Program once the first steps are complete is recommended so that the future of the Program and its suitability to meet the City's housing needs can better be determined.

APPENDIX 1

Summary of Assisted Housing Programs

From: The City of Hamilton Housing Statement Update - 1983.

8.2 Available Programs

Four programs are active in the City. The Public Housing program is administered by the Hamilton-Wentworth Housing Authority in cooperation with the Provincial Ministry of Municipal Affairs and Housing and Ontario Housing Corporation. The program is funded by the Provincial and Federal governments on a 50-50 basis. A total of 4513 units is involved. Of these, 1939 are for families, and 2538 are for seniors. Thirty-six units are modified for the handicapped.

In addition, 465 senior citizen units are owned by the Ontario Housing Corporation and managed by Metropolitan Trust Company on a rent geared-to-income basis.

Applicants for Public Housing are selected from the Hamilton-Wentworth Housing Authority's waiting list based on need, using a point rating system. Rents are based on income up to a maximum of 25 per cent of gross income.

It is provincial policy not to build any more units of this type.

The Rent Supplement program is also administered by the Hamilton-Wentworth Housing Authority and funded jointly by the Federal and Provincial governments.

Rent Supplement units are owned by private landlords, but rents are subsidized so that no more than 25 per cent of gross family income goes to rent. The province pays the difference between what the tenant can pay and what the landlord charges.

Tenants are selected from the Hamilton-Wentworth Housing Authority's waiting list. No more than 25 per cent of the units in any complex may receive assistance under this program. This is to ensure a range of income levels within each apartment complex.

Landlords participating in the Rent Supplement program do so on a voluntary basis. In the City, 467 housing units are provided through the Rent Supplement program: 232 for families, 68 for seniors, and 167 for the handicapped. Units available under this program have been

declining, as landlords have no trouble renting units in the current low vacancy, tight rental market situation.

The Private Non-Profit Housing program is administered by C.M.H.C. Under S.15.1 of The National Housing Act, C.M.H.C. acts as the direct lender at an 8 per cent mortgage rate amortized over 50 years. Under S.56.1 of The National Housing Act, sponsers acquire a loan on the open market amortized up to 35 years. The capital cost is then written down to 2 per cent through a subsidy by C.M.H.C.

The program, whether working under S.15.1 or S.56.1 of the National Housing Act, operates on a break-even basis with rents set in co-operation with C.M.H.C.

Tenants generally contribute between 17 and 25 per cent of their total income towards rental payments. The low end market rental concept ensures that the tenant is paying the low end of the market rental scale. This means that if similar accommodation in the area rents in the $225 to $275 range, then the tenant will pay rent in the neighbourhood of $225 or the low end of the market rental scale. The rent geared-to-income and low end market rental rates in non-profit housing projects result from the federal rent reduction grant. The assistance to the project for lower rents originates from the difference between monthly mortgage payments at the subsidized level and what the payments would have been at the market interest rate.

Start-up funds to cover organization, site selection, professional fees, etc. are also available for private non-profit projects.

Analysis done for the Regional Housing Statement Update shows that existing private non-profit projects have 25 per cent of the senior units and 15 per cent of the family units as rent geared-to-income. The remaining units are charged market rents, but this is often lower than rent for an equivalent unit on the open market. Projects may be for conventional housing as singles, townhouses and apartments, or for cooperatives, usually in apartment buildings.

TABLE 18 PRIVATE NON-PROFIT HOUSING
CITY OF HAMILTON

PROJECT	FAMILY UNITS	SENIOR UNITS
EXISTING		
N.H.A. (S.15.1)		
1. Coronation Park Housing		16
2. Hamilton Housing Co.		61
3. Hamilton Senior Citizens Apt.		72
4. Victoria Park Community Homes	154	452
5. Greenhill Cooperative	278	
TOTAL	432	601
N.H.A. (S.56.1)		
1. Victoria Park Community Homes	228	
2. Hamilton Jewish Home for the Aged		40
3. Sons of Italy Foundation (St. John's Place)		230
TOTAL	228	270
COMMITTED		
1981		
1. Victoria Park Community Homes	580	
2. Labour Union International		90
3. Kiwanis	80	
4. Winkleigh Coop	77	
TOTAL	737	90
1982		
1. Victoria Park Community Homes	23	
2. Knights of Columbus (McGivney)	22	
3. Canadian Reform Society for a Home for the Aged Inc.		30
4. Hamilton Baptist Non-Profit Homes	23	
5. Kiwanis	56	
6. Hamilton and District Senior Citizens' Home 'Rambynas' Inc.		50
7. Urban Native Homes Inc.	10	
8. Stonechurch Coop	54	
9. Mountain City Housing Coop	71	
TOTAL	259	80
GRAND TOTAL	1656	1041

Source: C.M.H.C.

There are some 1042 conventional family units and 961 conventional senior units existing in the City under this program (Table 18). This includes 1981 commitments which were 660 family units and 90 senior units respectively.

In 1982, 124 family units and 80 senior units were committed by C.M.H.C. in the City.

Cooperatives comprise a significant share of the private non-profit housing inventory: 355 family units are existing and another 125 family units were committed in 1982.

Some 15 per cent of the family units are rent geared-to-income, while 25 per cent of the senior citizen units are rent-assisted. This means that approximately 248 family units (15 per cent of 1656) and 260 senior citizen units (25 per cent of 1041) are rent geared-to-income units. The remaining units are rented at the lower end of the range for private market rents for comparable housing in the area.

The Private Non-Profit program has been, and probably will continue to be, the most active housing assistance program in the City. The provision of units, however, is limited by the unit allocation to this area made by the Provincial and Federal governments. In both 1981 and 1982, the entire unit allocation for the Hamilton area was used up. Because of the yearly allocation, some sponsoring groups have to wait up to three years before they receive financial assistance under this program. The Federal government has recently announced that unit allocations will be reduced further.

Another program backed by the Federal government is the Limited Dividend program. In this program, the landlord is allowed a limited profit, up to 5 per cent annual return on equity. The mortgage is sponsored by C.M.H.C., which requires annual financial statements and tenant income verification. C.M.H.C. must approve rent increases.

This program was terminated in 1976, but 863 units are existing. The units are primarily for families and rents are generally below market rents. Applicants, however, are not

selected from the H.W.H.A. or any other agency waiting list.

APPENDIX 2

Kiwanis Non-Profit Housing

From the submission by Kiwanis to Regional Planning and Development Committee concerning the need for a Municipal Non-Profit Housing Corporation.

January 28, 1983

DEVELOPMENT OF HAMILTON EAST KIWANIS NON-PROFIT HOMES INC.

Hamilton East Kiwanis Non-Profit Homes Inc. was incorporated as a private, non-profit organization on February 18th, 1982. The goals of the corporation are: to provide homes for low-income families, to improve neighbourhoods throughout the eastern sector of Hamilton by replacing vacant and deteriorating houses with renovated and well-maintained homes; and to recycle many of these houses back into the private market through a

purchase opportunity provided to the tenants.

During the first year of operation, the Organization has purchased approximately 140 units located in East Hamilton. Before purchase, each house was assessed by a team of two Board members and a renovation consultant, being someone familiar with the construction industry. This team determined the required renovations and recommended a purchase price. After purchase of the home, a construction company co-ordinated all of the necessary subcontractors in order to rehabilitate each house. These housing units include: 128 single-family dwellings which have now been renovated, 8 single-family units in such poor condition that they have been torn down and are being replaced with 8 new single-family infill houses; and a four-bedroom house (counted as four housing units) rented to a non-profit voluntary social service agency to house mentally-retarded adults. The average purcnase price of the 140 units was $22,000.00 and the average rehabilitation costs were $9,500.00. The average rent charged and received for the first 140 houses is $285.00 per month.

These houses are mainly single, detached dwellings scattered throughout an area of about eight square miles, and each house is located in a neighbourhood of predominately owner-occupied homes. Because the houses are located in integrated communities, each house can be rented on a geared-to-income basis without the fear of producing public housing ghettos.

Low-income families who rent these homes will have an opportunity to purchase that house in the future. Any time during the first five years of occupancy, the tenant may purchase the home at a fixed price, consisting of the initial purchase price plus all renovation costs attached to that unit. After the five-year period, the price is to be negotiated on the basis of fair market value. At the time of purchase, the tenant would be responsible, as would any other purchaser in the market, for arranging a conventional mortgage at prevailing market rates and the subsidies of mortgage interest from Canada Mortgage and Housing Corporation terminate upon sale. However, tenants are under no obligation whatsoever to purchase, and they may continue to rent indefinitely.

Generally, families are offered a choice of different types of houses located in different areas of the City. In selecting a home, the family can act on its own priorities such as proximity to friends and relatives, places of employment and worship, and the schools being attended by their children. In effect, the process of selecting a home approximates the activity of renting or buying a home in the private housing market sector.

V UNIQUENESS OF HAMILTON EAST KIWANIS NON-PROFIT HOMES PROJECT.

We believe that there are a number of important differences between the project and programme developed by Hamilton East Kiwanis Non-Profit Homes and other forms of non-profit housing, including the cost of building, financing and operating the

projects, rent structures, the home ownership option, the house selection process, the renovation of existing houses, the utilization of existing community services and networks, and the expected neighbourhood acceptability of the project.

(1) Costs.

There are significant initial savings per housing unit in the Kiwanis project when compared to other forms of non-profit housing. As mentioned before, the first 140 houses were purchased at an average price of $22,000.00 with an additional average of $9,500.00 in renovation expenses, for a total cost of $31,500.00 each. This figure compares with an average, multiple-unit price of $50,000.00 for construction of a new three-bedroom unit. Even if the costs incurred by the Kiwanis corporation increased in the future to $35,000.00 per unit, there is a minimum saving of $15,000.00 per unit by buying and renovating existing properties wherever and whenever possible.

If one assumes a mortgage rate of 15% for a five-year period, paid down to 2% for all of the projects, the average monthly subsidy received with respect to the Kiwanis units is $341.00 per unit, compared to $542.00 for new housing units. Over a five-year period, this amounts to a difference per unit of $12,060.00 and when extended over 35 years, then the subsidy difference totals $72,360.00 per unit. In addition, it is important to remember that the exercise of the purchase option would end the subsidy permanently for some of the units, thereby

creating additional savings. Assuming that 25% of the houses were purchased by the end of the fifth year, then the subsidy on a 100-unit project would be reduced by $1,809,000.00 over a 35-year period. We believe that these are significant savings of taxpayers' dollars that must be recognized if other forms of non-profit housing are to be initiated and these kinds of savings should be the standard against which other proposed forms of housing should be measured.

As well, the operating costs of a voluntary, non-profit organization should be less than the operating costs of organizations paying salaries to every person involved. By a rough calculation, it has been estimated that in the Kiwanis project there have been approximately 7,000 volunteer hours during the first year of operation. As a guideline, if a minimum wage of $10.00 per hour was set for these volunteer hours, then this is a contribution of $70,000.00 to the operations of the project annually.

(2) House Renovation.

One of the key differences between the Kiwanis project and other forms of non-profit housing, is that the Kiwanis programme predominately renovates and revitalizes existing properties, whereas other non-profit groups generally build new units. The renovation of existing homes encourages the rehabilitation of existing neighbourhoods, while the building of new units, usually on avilable land at the periphery of the urban

area, draws families out of existing communities and thereby contributes to possible decay of the urban core.

As a work stimulation programme, the rehabilitation of existing houses has many advantages for the local economy. House renovation is more labour-intensive than new house construction, while still utilizing all of the same subtrades. Given the disbursed nature of the Kiwanis units, the programme can draw upon many small independently owned local companies which can respond to immediate request and this flexibility means that the pace of the operation can be altered to fit with the level of activity in the local economy and the availability of funding.

(3) House Selection.

The Kiwanis houses are spread throughout the east end of Hamilton and they are located in neighbourhoods of varied income, cultural groups and religious denominations. Thus a prospective tenant has a wide range of choice about the kind of neighbourhood in which to live, with this choice being limited only by the number of units available in a given income range. The range of choices is most comparable to renting or buying in the private market as can be possible, and the act of making a choice about where to live encourages the family to identify with the neighbourhood, we believe, and it diminishes the feeling of being sent somewhere to live. Having made a choice also means that the family implicitly bears the responsibility for getting

along with neighbours and for fitting into the local community. In new multi-unit developments, there is some choice, but it is usually limited to the selection of a particular unit in a larger complex. In the Kiwanis units, the range of choice should increase satisfaction with the home and increased satisfaction in this area should encourage families to maintain the homes and to consider buying them under the purchase option.

(4) Home Ownership.

Another of the important features of the Kiwanis project is the opportunity for families to purchase the home they are renting. This home ownership option provides low-income families with an opportunity to fulfill a goal shared with many higher-income families who have been able to purchase their own homes. This opportunity to fulfill a "life goal" can be expected to alter the way that the family feels about the house. Research work has been done which illustrates that if a family expects to own the house they are moving into, and if home ownership is one of their goals, then they will be more satisfied with this accommodation than with rental accommodation, even if the rental accommodation was in a better condition or was to offer more space or amenities. Conversely, if the tenant believes that they cannot move out of their present public housing accommodation, and that they will never achieve home ownership, then regardless of the condition of the unit, it will be viewed in negative terms and considered as a sign of failure. This sign,

that the family is unsuccessful in achieving what most consider normal, being the ownership of homes, may in part explain the abuse of public housing units and particularly blatant vandalism.

We believe that the possibility of home ownership in the long run should help to increase generally satisfaction with this form of social housing. The expectation that a family may have an opportunity to purchase their home would also lead to a greater degree of care by that family, which should lead to savings on annual maintenance costs when compared to different types of programmes. A reduction in maintenance costs would permit a combination of lower rents and reduced subsidies from public funds as well.

(5) Utilization of Existing Community Services and Networks.

Since the Kiwanis units are located in existing communities within the urban area, the necessary services are already in place. These include roads, sewers, water, fire hydrants, electrical services, communication services, police and fire protection, schools, libraries and medical facilities. Each of these existing services could potentially be under-utilized if homes in the area were deteriorated and left vacant.

As well, existing communities have informal neighbourhood networks that new families may make use of and participate in. These neighbourhood networks are made up of different types of families who have a wide range of experience and are able to provide support and resources in times of need.

APPENDIX 3

Non-Profit and Cooperative Housing Program Evaluation by CMHC

November 1983

SECTION 56.1 NON-PROFIT AND COOPERATIVE HOUSING PROGRAM EVALUATION

PROGRAM EVALUATION DIVISION
CANADA MORTGAGE AND HOUSING CORPORATION
NOVEMBER 1983

Abstract

This report presents the results of an evaluation of the Non-Profit and Cooperative Housing Programs undertaken by CMHC in consultation with interested parties.

These programs have met a number of objectives. They have succeeded in integrating various income groups in the projects. As such they have succeeded in overcoming one of the features of public housing which contributed to community resistance and which was seen as creating ghettos. The quality of housing provided under the programs has been high. These programs have helped serve the housing needs of special groups such as the elderly and the handicapped and contributed to the provision of special care facilities for the mentally and physically disabled.

These programs have also contributed to the availability of affordable rental accommodation. In recent years non-profit and cooperative housing has accounted for a significant proportion of new rental housing nationally and ranges to over 50 per cent in some metropolitan areas.

The programs have been less successful in meeting a central objective. Only one third of the program's beneficiaries are drawn from the population most in need of social housing assistance. This is primarily attributable to program design based on achieving a mix of households of varying incomes in the projects. In terms of serving low and moderate income households, the programs have performed better. About 50 per cent of the occupants are of low and moderate income.

If serving the population of those most in need is the central objective then the growing cost of the programs and the fact that they serve only one per cent of that population each year must be of concern. Assistance equivalent to a reduction in mortgage rates down to two per cent is provided over a 35 year period.

NON-PROFIT AND COOPERATIVE HOUSING PROGRAM EVALUATION

EXECUTIVE SUMMARY

1. Introduction

Non-profit and cooperative housing is now the Corporation's principal on-going program responding to the housing problems of low-income Canadians. To the end of 1982, $255.9 million in subsidy assistance had been provided through the programs. Within ten years, the annual subsidy budget is estimated to exceed $1.3 billion.

Since their introduction in 1978, more than 65,000 units have been committed for non-profit and cooperative housing through the Section 56.1 programs. Of these, more than one-half were private non-profit units, 28 percent were public non-profits and close to 20 percent were cooperatives.

This evaluation has been undertaken to assess in an objective fashion, the achievements of the Non-Profit and Cooperative Housing Programs. It addresses a broad spectrum of issues, ranging from the continued need for the programs through to their results, impacts and effects and the costs associated with them.

Several sources of information have been used for the evaluation, including a nation-wide survey of project managers and occupants of non-profit and cooperative housing, administrative records, briefs submitted by the range of actors involved in program delivery, a small survey of lending institutions and numerous other existing sources of data. Throughout the course of the evaluation, advice was provided by a Committee with representation from the Cooperative Housing Foundation, municipal non-profit organizations, private non-profit corporations, the Canadian Council on Social Development and the Canadian Association of Housing and Renewal Officials. Regional input was coordinated through CMHC's Regional Offices.

The overall evaluation approach is consistent with guidelines established by the Office of the Comptroller General. Indicators have been established to measure each aspect of the programs using data from the sources identified above.

2. Continuing Need for the Programs

The first stage in the evaluation was to document the magnitude and nature of the need for social housing assistance. Historical trends indicate that while problems of dwelling inadequacy and overcrowding are diminishing, the problem of housing affordability has increased. An estimated 521,600 renter households, or 18 percent of the renter population, are unable to obtain a suitable and adequate dwelling without paying more than 30 percent of their income.

The incidence of these housing problems is most severe among the elderly, the very young, single women and mother-led families. The most prevalent characteristic, however, of households facing an affordability problem, is that of low income: 93 percent of those in need fall within the lowest income quintile.

It is apparent that social housing problems have continued to persist, signalling a need for continuing low-income housing assistance.

3. Program Objectives

The Non-Profit and Cooperative Housing Programs were designed to achieve three objectives:

a) to provide modest, affordable housing appropriate to the needs of low and moderate income families and individuals;

b) to produce housing at minimum costs by implementing appropriate cost controls; and

c) to encourage approved lenders to provide capital for low and moderate income housing needs.

Findings related to each aspect of these objectives are summarized below:

Modest Housing

In delivery of the programs, modest housing is defined by Maximum Unit Prices which are established for each market area and housing type. Using this guideline, 84 percent of the units provided through the programs are modest.

In order to provide an alternative criterion, units were also assessed against the size guidelines (in square metres) which define modest housing under the Assisted Rental Program. On the basis of this maximum unit size guideline, 56 percent of the units in the programs are modest.

Appropriate Housing

Appropriate housing has been measured in terms of crowding, physical condition and suitability for occupants.

Non-profit and cooperative units are not overcrowded: 98 percent of the units have at least one room per person and at least one bedroom for every two persons. There is some evidence of overconsumption of housing: 15 percent of self-contained units have more bedrooms than there are occupants.

In terms of physical condition, the units ranked highly: approximately 90 percent were considered by occupants and project managers to be in good or excellent condition, not requiring major repair.

Generally, the housing is also well-suited to the needs of occupants. Satisfaction with the projects is high and, for the most part, special needs such as those for the elderly or the disabled are accommodated.

Affordable Housing

Housing is intended to be affordable as subsidies are provided to enable low-income households to pay rent on the basis of their incomes, while others pay rent which is at the lower end of comparable market rents. In fact, close to one-third of the households in the programs pay more than 30 percent of their incomes for these housing units. Affordability problems of this nature are experienced by both income-tested and market rent tenants. Analysis of the lower end of market rents used in the programs has shown that they are not affordable to low and moderate income senior citizens or to family households in some metropolitan areas.

Low and Moderate Incomes

As no operational definition of low and moderate income exists for the programs, three criteria have been used for the evaluation. Using the first criterion, below average renter income, 69 percent of the households in the programs have low or moderate incomes. Using the second criterion, below median renter income, 57 percent would be low or moderate income. Finally, based on the proportion of households in the two bottom income quintiles for renters, 47 percent of non-profit and cooperative households would be considered to have low or moderate incomes.

Private non-profit projects are most effective in serving low and moderate income households. While partly due to the emphasis in these projects on senior citizens, family households in private non-profits also have lower average incomes than those in public non-profit and cooperative housing.

Minimum Cost Housing

As indicators of minimum costs, private sector capital, financing and operating costs have been compared with the costs incurred through the programs. Available data on private sector costs do not permit conclusive comparisons. These data do suggest the following trends which should be more fully explored in a subsequent study.

Overall capital costs of non-profit and cooperative housing were not found to differ significantly from total costs in private dwellings insured through Section 6 Mortgage Insurance. This reflects differences in cost components: building costs per square metre were found to be higher in Section 56.1 housing than in the private sector, while land costs are lower.

With respect to financing costs, private non-profits and cooperatives obtained interest rates from .18 to 1.36 percent higher than rates quoted by lenders. This pattern does not hold for public non-profit corporations which are assigned a lower risk by lenders.

Monthly operating costs in non-profit and cooperative housing ($167 on average) were found to be higher than average costs in the private sector ($120), but lower than average public housing operating costs ($200). Within the programs, cooperative housing operating costs are lower than those in non-profit projects.

Private Lender Capital

Since the inception of the programs, 93 percent of the capital funds required have been obtained from approved lenders.

For the evaluation, it was considered important to assess not only the extent of private financing, but also its implications on the government's subsidy budget and overall cash requirements. If direct lending had continued, approximately $1 billion annually would be required to finance non-profit and cooperative housing. In the short term, the use of private sector capital significantly reduces cash requirements, but the reduction is offset over time by higher subsidy costs. Subsidy costs are higher because of the requirement to pay market interest rates to lenders rather than reduced rates through direct government lending.

4. Additional Objectives

There are three additional purposes for the programs implied by their design and the way in which they have been used.

The first is to achieve income integration, or a mix of income groups within projects. This was in part a reaction to the social and community acceptance problems which faced large-scale public housing projects in the 1970's. On an overall basis, approximately one-quarter of the program recipients fall into each of the first three income quintiles, with 19 percent in the fourth quintile and 10 percent in the top quintile. Thus the programs are serving a wide range of income groups. The survey data do not permit similar analysis at the project level. However, based on the split between assisted and unassisted households, a mix was not evident in 45 percent of the projects. Income mixing entails a cost in terms of the low income households served by the programs: without this requirement, 200 percent more income-tested units could be provided for the same overall subsidy amount.

The second implicit objective is to contribute to the stock of rental accommodation. Non-profit and cooperative housing nationally accounted for 13 percent of new rental starts in 1980-81. In some metropolitan areas, the programs represented over one-half of new rental starts.

The third implied objective is to contribute to the development of a housing delivery capability in the third sector. Compared with the previous non-profit and cooperative housing programs, a higher proportion of activity is now undertaken by cooperatives but a lower proportion is carried out by private non-profit groups.

5. Housing Need and Program Effort

The impact of the programs on the total identified need for assistance is marginal. On an annual basis, only 1 percent of the renter population in core housing need is served through Section 56.1 commitments. This is primarily due to restrictions in budget allocations, but is also because only one-third of those assisted through the programs are drawn from the population in need.

6. Other Impacts and Effects

The impact of the programs on a wide range of related variables was assessed in the course of the evaluation. Findings are capsulized below:

Income Redistribution: The programs were found to have a progressive effect on the income distribution of parti-

cipants, benefitting lower income groups proportionately more than higher income groups.

Priority Target Groups of the Government: When considered in terms of identified housing needs, the programs underserve the lowest income groups and women, but adequately serve the elderly. Data on housing needs for Natives and the disabled do not allow this comparison, but these groups represent a higher proportion of program recipients than their incidence in the population at large.

Improved Housing Conditions: About 50 percent of the program recipients indicated an improvement in their housing condition, while a further 30 percent identified no change from their previous dwelling.

Social Impacts: Forty-five percent of program recipients indicated that their life as a whole had improved since their entry into the programs, while a further 42 percent identified no effect. Most occupants (80 percent) interact with other residents in their projects. High levels of occupant participation in management and decision-making were found especially in cooperatives.

In-situ Tenants: Tenants residing in existing units acquired through the programs generally were allowed to remain.

Rental Markets: Overall, the Non-Profit and Cooperative Housing Programs have been consistent with rental market conditions in terms of increasing the proportion of commitments for new units as vacancy rates have declined. The magnitude of program activity in some areas raises the danger of crowding out private sector activity although this has not been documented.

Mortgage Insurance Fund: There have been no defaults under the programs to date. However, should defaults occur, the potential loss to the MIF is greater than with private rental accommodation.

Relationship to other Federal and Provincial Programs: Approximately one-quarter of all units in the programs receive additional provincial assistance, but the provincial contribution averaged only 9 percent of the federal subsidy. Most provincial assistance is directed towards special care facilities. Disentanglement permits deeper income penetration when the provinces combine additional assistance with Section 56.1 and on projects to which provinces have directed priority attention.

7. Support Programs

Two programs which operate in support of the Non-Profit and Cooperative Housing Programs are included in this evaluation - Non-Profit RRAP and Section 44(1)(b) subsidy stacking. An evaluation of Start-up funding and the Community Resource Organization Program is being undertaken separately.

Non-Profit RRAP

Projects receiving Non-Profit RRAP assistance obtain a double subsidy, which is not reflected in higher-quality projects or lower-income groups served. However lower capital costs for these projects offset this to some extent.

Section 44(1)(b) Subsidy Stacking

Projections of future requirements for subsidy stacking depend largely on assumptions with respect to increases in operating costs and the lower end of market rent. However, financial requirements are expected to be relatively low with a present value of $2.1 million for a 35-year period if rent increases equal increases in operating costs.

8. Cost-Effectiveness

The subsidy costs of the Section 56.1 programs were estimated for each unit provided and for each rent-geared-to-income (RGI) unit produced. With an interest rate of 18 percent, Section 56.1 subsidies are lower than those for other social housing programs on a per unit basis, but are the most costly way of providing RGI units. At a 13 percent interest rate, the Non-Profit and Cooperative Housing Programs continue to have higher subsidy costs per RGI unit than Public Housing, but Non-Profit costs are lower than those for the Rent Supplement Program.

Subsidies paid to market rent tenants in Section 56.1 projects are estimated to be one and one-half times those provided under the Assisted Rental Program and two times those given under the Canada Rental Supply Plan.

9. Program Design and Delivery

This section of the evaluation links the findings on the achievement of program objectives to the design of the programs and the way in which they have been delivered. It provides a summary of the findings and identifies

conflicts in program objectives which limit the extent to which all objectives can be achieved. Key conflicts in objectives are those that target the programs to low and moderate income households, while at the same time aim to achieve a mix of income groups and increase the stock of rental accommodation. The use of private sector capital also conflicts with the objective of producing housing at minimum cost, given the higher cost of financing through private lenders.

10. Conclusions

The following represent the principal conclusions of the evaluation. Conclusions for each evaluation issue are presented in the final chapter of the report.

The Section 56.1 programs are ineffectively targetted to those most in need.

Depending on the criterion used, between 47 and 69 percent of the households served by the programs would be considered to be low and moderate income. Only 21 percent of the programs' client group are low-income households using the Statistics Canada low-income cut-offs, although the incidence of need for social housing assistance is overwhelmingly concentrated among this income group.

The Section 56.1 programs are not a cost-effective way of producing rent-geared-to-income housing units.

Cost-effectiveness comparisons revealed that Public Housing requires the least amount of subsidy assistance for each RGI unit produced. Non-Profit and Cooperative Housing is the most costly at high interest rates, although it becomes more cost-effective at lower rates.

The Section 56.1 programs have only a marginal impact on the outstanding need for assistance.

More than one-half million renter households continue to have a need for social housing assistance. However, only one-third of the households served by the current programs are drawn from the population in need. This, combined with the limits on annual program activity, means that only 1 percent of the outstanding need is met in any given year.

The quality of accommodation and the resulting social benefits provided by the programs are high.

Section 56.1 housing projects were found to be adequate and appropriate. As well, opportunities exist for occupant participation in decision-making and project management, as well as more informal interaction among tenants with a range of social and economic backgrounds.

Non-Profit and Cooperative Housing has made an important contribution to the stock of affordable rental accommodation.

In 1982, about 14 percent of all rental starts were provided by the programs. In some metropolitan areas, Section 56.1 activity has accounted for one-half of all rental starts.

The Section 56.1 programs have contributed significantly to the stock of special purpose housing.

The private Non-Profit sector in particular has produced accommodation such as halfway houses, group homes and care facilities for the mentally and physically infirm.

APPENDIX 4

Initiating a Municipal Non-Profit Housing Corporation - Provincial Requirements

APPENDIX 4

Initiating a Municipal Non-Profit Housing Corporation - Provincial Requirements

The Ministry of Municipal Affairs and Housing has a five-phase procedure required in the development of an M.N.P.H.C. These phases are as follows:

1. Initial Application - In this phase, the municipality establishes initial contacts with the Ministry, considers the feasibility of establishing a M.N.P.H.C., and submits an initial application for funds (a maximum of $5,000).

2. Planning Design and Provincial Review - The following steps are required in this phase by the Province:

   - An Assisted Housing Supply and Demand Survey is required in order to determine the need for additional rent geared to income units in the Municipality.

   - A Best Buy Analysis is required in order to review the type of housing project options available to the M.N.P.H.C., i.e. the construction of new housing or the acquisition of existing units.

   - A Procurement Technique Decision is required to identify the most viable development option reviewed in the Best Buy Analysis.

   - Loan Lenders should be approached concerning the M.N.P.H.C. program and the proposed project. On the basis of submitted loan conditions, a tentative lender should be chosen.

   - Incorporation of the M.N.P.H.C. should occur (note: Incorporation is not required until the end of Phase 2). In this stage, the Corporation's name is chosen, Charter and By-laws prepared and Board of Directors appointed.

   - A Management Plan is required for the proposed project. The Corporation can decide whether to manage the project directly or hire management services at this stage.

   - A Design Consultant should be hired if a project requires substantial new design or must undergo a major rehabilitation.

   - In the Land Acquisition stage, suitable sites are reviewed and the best location is acquired.

   - Planning and Design Guidelines requires the preparation of concept/schematic drawings for the project. The drawing should be submitted to the Ministry for approval.

- o The Tentative Lender should review preliminary drawings, draft letter of interest and be acknowledged by the Ministry as the lender of record.

- o Provincial Cabinet Approval is given to a project at this stage when all the required documentation is received.

3. Tender Call - There are three stages in the tender call phase:

   - o All final working drawings should be completed at this stage and submitted, along with final project cost estimates, to the Ministry.

   - o A Tender Call should be made and the successful bid chosen.

   - o The Lender will review the successfull bid from which will be drafted a mortgage commitement to be submited to the Ministry for approval.

4. Construction - The construction phase consists of the following activities:

   - o Construction of the project will be initiated by the contractor.

   - o Site Inspections will be carried out by the Ministry of Municipal Affairs and Housing on a weekly basis.

   - o Soft costs such as administration will be submitted to the Ministry.

   - o The contractor is paid by the Housing Corporation on a monthly basis.

   - o Final inspection is completed by the Ministry and Housing Corporation. The project is completed at this point.

   - o Tenants for the project are selected and a waiting list is established.

   - o Mortgage repayment begins to the lender. C.M.H.C. starts the flow of monthly Federal Rent Reduction Grants).

   - o On-going administration of the project is the responsibility of the Corporation and is monitored by the Ministry for the length of the mortgage balance.

5. Ongoing Administration - In this phase, the Corporation is responsible for the annual budget and quarterly reports and an annual audit statement. All Federal and Provincial Rent Reduction Grants are forwarded to the Corporation on a monthly basis.

APPENDIX 5

Municipalities with Municipal Non-Profit Housing Corporations in Ontario

APPENDIX 5

(A) MUNICIPALITIES WITH MUNICIPAL NON-PROFIT HOUSING CORPORATIONS IN ONTARIO*

1. Municipalities M.N.P.H.C. projects under management

Hearst
Maryborough
Osgoode Township
City of Ottawa
Metro Toronto
City of Toronto
Peel Region
South Crosby Township
Pelham
Port Stanley
Town of Vaughan

2. Municipalities with M.N.P.H.C. projects under construction

Goulbourn Township
City of Toronto
Peel Region
Metro Toronto
City of Ottawa
Brock Township
Cumberland Township
Rideau Township
Tilbury West Township
Thunder Bay

3. Municipalities with M.N.P.H.C. projects committed but not under construction

North Plantagenet
City of Ottawa
City of Toronto
Peel Region
Town of Webbwood
Caradoc
Metro Toronto

*Source: Ministry of Municipal Affairs and Housing

4. Municipalities with M.N.P.H.C. projects under negotiation

SOUTHWEST REGION

Bruce County
Tillsonburg
Woodstock
Eramosa
Erin
Stoney Creek
Dundas
Glanbrook
Thorold
Wingham

NORTH REGION

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City of Timmins
Town of Hearst
Town of Sioux Lookout
Town of Onaping Falls
Township of Longlac
Town of Elliot Lake
City of Sudbury
Town of Sturgeon Falls
Town of Rayside Balfour
Town of Iroquois Falls

EAST REGION

Bexley/Somerville
Goulbourn Township
Hastings
Lindsay
Killaloe Station
L'Original
Loughborough Twp.
Millbrook
Napanee
North Frontenanc Twp.
Osgoode Twp.
Petawawa
Plantagenet Twp.
City of Ottawa
Rockland

CENTRAL REGION

City of Toronto
Metro Toronto
Peel Region

3. BRIEFS PRESENTED AT PUBLIC MEETING

SUBMISSION TO

THE PLANNING AND DEVELOPMENT COMMITTEE

REGARDING

MUNICIPAL NON-PROFIT HOUSING

28 March 1984

THE SOCIAL PLANNING and RESEARCH COUNCIL of Hamilton and District

155 JAMES ST. S., STE. 602 HAMILTON, ONTARIO L8P 3A4 522-1148

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INTRODUCTION

The Social Planning and Research Council of Hamilton and District has been actively involved in discussions around the assisted housing situation in Hamilton-Wentworth for a number of years.

In May of 1981, the Council's Board of Directors struck a Task Force on Assisted Family Housing in response to a growing concern for the need for affordable assisted family housing in this Region. Among other conclusions, the final report of the Task Force (April, 1982) recommended:

> "THAT, BOTH THE LOCAL AREA MUNICIPALITIES AND THE REGIONAL MUNICIPALITY OF HAMILTON-WENTWORTH CREATE FAMILY MUNICIPAL NON-PROFIT CORPORATIONS IN THIS REGION."

Later on that same year (December, 1982), the Council participated in the Regional Planning and Development Department's 'Municipal Non-Profit Housing Seminar'. Subsequently, the Region opted not to involve itself in assisted family housing by sponsoring a municipal non-profit corporation.

Since that time, the City of Hamilton has shown an interest in creating its own municipal non-profit housing corporation. With this in mind, the Council would like to take this opportunity to:

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[1] The Social Planning and Research Council of Hamilton and District, Report from the Task Force on Assisted Family Housing, April, 1982.

1) reaffirm its position in support of family municipal non-profit housing; and,

2) outline its rationale for this position.

We believe that the creation of a municipal family non-profit housing corporation by the City would have both social planning and physical planning benefits.

FULFILLING POLICY GOALS

The Regional Official Plan (1980) clearly defines a role for municipalities to involve themselves in assisted housing. The Official Plan states that:

> "It shall be the policy of Regional Council: ...To participate with and encourage the Area Municipalities and non-profit and co-operative housing groups to participate in the housing programs offered by senior levels of government which are in the best interest of the residents of this Region."[2]

Attempts aimed at encouraging the establishment of a municipal non-profit housing corporation in the City are not new. In 1976, a 'Housing Action Committee' report was directed to the City. The Committee's report stated that:

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[2] Regional Municipality of Hamilton-Wentworth, The Regional Municipality of Hamilton-Wentworth: Official Plan, June, 1980, Section 8.12, p.63.

> "It is because we believe that the provision of affordable family housing is something which should have top priority in any housing policy that we urge Council to seriously consider the establishment of its own non-profit housing corporation and to become involved in community housing as the Cities of Ottawa and Toronto have done."[3]

In response to this and other reports, and the 1976 Peter Barnard Associate's Hamilton Housing Needs[4] study, the City's Planning and Development Committee summarized that:

> "The only means available to the City to directly provide the needed [assisted] housing is the establishment of a municipal non-profit housing corporation... [and that it would] be beneficial to begin an examination of non-profit housing to determine [how such a program might affect] the City's financial situation."[5]

Almost eight years later, no action has been taken to establish a local municipal non-profit family corporation. Concurrently, the need for such a corporation has not diminished.

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[3] Housing Action Committee, A Response by the Housing Action Committee to the Report Prepared for the Planning and Development Committee (City of Hamilton) by the Peter Barnard Associates, January 1976, May 5, 1976, p.11.

[4] Peter Barnard Associates, Hamilton Housing Needs, 1976.

[5] Planning and Development Committee, "Re: Hamilton Housing Needs Study", July 14, 1976, p. Summary.

Few would argue the urgent need for affordable assisted family housing in the City in view of the large numbers of families on various community housing waiting lists and the limited unit allocations which we receive, quite simply, the current supply of assisted family units cannot meet the demand.

What, then, are the benefits of establishing a municipal non-profit corporation in order to meet this need?

SOCIAL PLANNING BENEFITS

From a social planning perspective, the creation of a family municipal non-profit corporation would have a number of community benefits. Such a corporation would:

- ensure that a larger proportion of assisted units were rent-geared-to-income in nature (to a maximum of forty percent if handicapped units are included);
- facilitate municipal control over a portion of the assisted stock so that families with the greatest need (e.g. general welfare, unemployed, family benefits, disabled) can be served;
- allow the municipality to direct units to those particular neighbourhoods where the need is greatest;
- allow families a wider variety of housing types from which to choose;

- encourage the integration of truly poor families into the broader community;
- facilitate tenant participation in the decision-making process once a corporation is established;
- create employment opportunities;
- possibly provide for emergency family housing;
- expand the total assisted housing inventory;
- facilitate the co-ordination of service (e.g. co-ordination of waiting lists); and,
- provide increased leverage for the City in securing larger unit allocations from the senior levels of government.

Of these social benefits, the most significant is that the municipal non-profit program ensures a greater number of the poorest families can be provided with decent, affordable housing. If the benchmark for assessing the adequacy of an assisted housing program is that it should provide the highest quality housing to the largest quantity of needy families, then a municipal non-profit corporation would clearly be a valuable community asset.

PHYSICAL PLANNING BENEFITS

The creation of a municipal non-profit corporation would also improve the City's physical planning capabilities. A municipal corporation would:

- assist in the implementation of municipal housing policies and programs;
- facilitate direct municipal involvement in, and co-ordination of the provision of assisted family housing;
- increase the supply of rental housing (which is particularly important during times of low vacancy rates);
- stimulate either or both the local construction and housing renovation industries;
- not affect the local property mill rate (since the program operates at little or no expense to the municipality);
- ~~provide additional revenue through property taxation;~~ and,
- serve as a capital asset for the municipality.

Not only can a municipal corporation be viewed to have planning benefits but it can also be seen as a financial asset to the community.

PRIVATE NON-PROFIT HOUSING CONCERNS

Much of the recent criticism focused on the idea of a municipal non-profit corporation has come from the participants in the private non-profit housing stream. It is important that any decision to proceed with establishing a local corporation should be sensitive to the needs of private non-profit housing sponsors. Confusion, however, appears to surround a few issues locally.

It is apparent that the major objections to the establishment of a municipal corporation are:

1) that such a corporation would compete for a limited unit allocation with the private non-profit sponsors; and,
2) that it is not the most 'cost-effective' way of providing assisted units.

Will private and municipal non-profit organizations compete for a limited unit allocation? Unfortunately, the answer is not clear. What is clear, however, is the fact that other municipalities, such as Ottawa and Peel, have about the same number of private non-profit and co-operative units as Hamilton-Wentworth but they also have thousands of additional municipal non-profit units. Even if the allocations streams are tied to some extent, the introduction of a municipal corporation would still appear to provide a means for securing a greater local allocation. If meeting the need for family assisted housing is our central objective, and a municipal corporation will better help us to meet that need, then it is a legitimate vehicle to ensure that we receive our maximum unit allocation.

It has also been argued that there are more cost-effective ways of providing assisted housing than via the municipal non-profit program. It may or may not be true that the cost per

unit is cheaper under other programs. Although such costs are important, it is sometimes easy to lose sight of the fact that the most significant cost is that which the renting family must pay to live in either an assisted or low-end of market unit. If those families most in need of housing cannot afford the rents charged by sponsoring organizations, then what real value is there in a lower 'per unit cost'?

Therefore, a municipal corporation can fill local service gaps and ensure:

1) that those families in most need of a unit are provided with one; and,
2) that the greatest number of families permitted by legislation are assisted.

CONCLUSIONS

Hamilton is one of the last large municipalities in Ontario not to have participated directly in the provision of non-profit housing by creating its own municipal corporation. We need to ask ourselves why it is that so many other municipalities have taken advantage of this program and, importantly, made it successful in meeting the need for assisted housing. A municipal corporation must be looked upon as a community asset (both socially and financially) and not a liability.

The municipal non-profit housing program provides the City with a vehicle to ensure that the greatest number of truly needy families are provided with decent shelter. While there can be little doubt that other programs provide decent assisted housing to city residents, it has been shown that there is room for improvement in housing more of society's neediest families.

The Social Planning and Research Council, like the Region of Peel, views the supply of assisted housing as a social service. The municipality has a role which it can and should play in meeting the demand for this service. A family municipal non-profit housing corporation is currently one of the few remaining avenues available to meet the need for assisted housing locally. The social benefits clearly outweigh the costs.

RECOMMENDATION

In keeping with its standing decision, the Social Planning and Research Council recommends that:

THE CITY OF HAMILTON MOVE TO ESTABLISH A MUNICIPAL NON-PROFIT HOUSING CORPORATION TO HELP MEET THE URGENT DEMAND FOR ASSISTED FAMILY HOUSING.

We need to view the municipal non-profit housing program as an opportunity - an opportunity which we can no longer afford to miss.

REFERENCES

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McGivney Community Homes Inc.

Regional Planning and Development

Ciry of Hamilton
Non Profit Housing Proposal

March 27, 1984

McGivney Community Homes Inc. is opposed to the City of Hamilton entering the Non-Profit Housing market. Our feeling is very strong that existing private groups are able to supply these services and that a restriction of allocation from CMHC is the only thing keeping these groups from providing additional units. McGivney Community Homes is one of these groups. We presently have 22 single family homes in the central Hamilton area. These homes were purchased in 1982 under the CMHC Existing Housing proposal. Last year we submitted a request for an additional 65 units. Our proposal for unclear reasons was not accepted. Apparently all units had been allocated and though there was nothing wrong with our porject, no units were left for our group.

Our project is identical to that of the East Hamilton Kiwanis. There is hardly any need for me to outline our program at this time because it is along the same line as the outline provided to the Planning and Development Committee by Kiwanis.

As the Planning and Development Report states, "In reality, however, we are advised by CMHC that the entry of a municipal non-profit corporation into the competition

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for unit allocation may reduce allocations to private non-profit groups. Allocations to groups such as ours are already scarce. Our group with a present volunteer board and backed by The Knichts of Columbus, is ready to give up the project if further allocations will not be given. The municipal non-profit program could help to make this happen.

Out of our existing 22 homes, 70% are on a rent geared to income basis (RGI). Most of these are at a very low level. The remainder 30% are rented to families whose income very closely meet the guidelines of RGI. Our break-even rent is $275.00 per month. Our only subsidy is that offerd by CMHC.

The study conducted by the P&D Committee states that private groups are only achieving a 15% RGI level. Where does this figure come from? Kiwanis Homes is not the only exception to this, our group is also operating at a high RGI Level. More importantly, the avarage rent charged by our group is low. Rent Geared to Income does not always insure a low rent base for low income families. RGI could mean that many families are serviced at the low end of market rent because their income warrants it.RGI is of very little value

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if the low income level families are not being helped.

The study goes on to state that municipal non-profit could obtain a 40% RGI, approximately half of that presently accomplished by groups such as McGivney. The study does not show how this will be done other that using additional tax money from provincial levels to cover operating expenses. In addition, as in Toronto, the municipality could occur some costs. How can the municipality possibly offer more affordable housing than is presently being provided by private non profit groups. Hamilton has the unique advantage of interested private non-profit groups who are willing to volunteer much of their time to meet this need in our community. These groups should be commended fror their work rather than be restricted by competing with the City for allocations. What would the City of Hamilton gain other than increasing the general tax burden of all tax payers through provincial and possibly municipal grants.

McGivney Community Homes indeed feels that there are problems in the present CMHC non-profit program. A tremendous amount of tax dollars are being directed to new housing at a high cost and offers a very low RGI rate. This form of housing only benefits the moderate income families. I believe you will find that the waiting list for this type of housing at the rent rate charged is quite low.

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Obviously this part of the program does not help those most in need. If the City of Hamilton intends to offer this type of housing, they would be offering a dis-service to our community.

It is a well known fact that the stigma attatched to "living in a municipal housing project" is not good for our community. Those people living in McGivney Homes can feel welcome in the community in which they live. There is no sign on the lawn indicating that the home is being provided by a government group. In addition, tenants in our homes appreciate what our group is doing. Mutual respect goes a long way in keeping costs down and keeping our units in good condition. Our vacancy rate has been nil, our tenant problems non existant, and our repair costs minimal.

All these reasons points to the undeniable answer that private groups can better meet the needs of our community than can municipal involvement. The planning and development committee could better allocate their time trying to convince CMHC to reveiv their allocation theory. It is difficult to understand that this same committee recommended about 1 year ago that the Hamilton Wentworth Regional Government not become involved in this project. It would assume that at that time, the committee looked very closely at the needs of the Hamilton community. If not, they did us a dis-service. If

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the committee did take a close look at Hamilton needs at that time, and I assume they did, what has changed over the past year to warrant this change stand? Is there so little work for this committee to do that we need an annual reveiw on this subject.

Yours very truly,

Michael Vande Wiel,
McGivney Community Homes Inc.,
President.

A SUBMISSION TO THE CITY OF HAMILTON PLANNING AND DEVELOPMENT COMMITTEE IN RESPECT TO THE ADVISABILITY OF THE CITY OF HAMILTON ESTABLISHING A MUNICIPAL NON-PROFIT HOUSING CORPORATION

Submitted by the: Hamilton Union of Unemployed

March 28, 1984

HAMILTON UNION OF UNEMPLOYED

The Hamilton Union of Unemployed was formed in April 1983 for the purpose of organizing the Unemployed into a Trade Union type Organization.

Over the course of several Membership meetings and Committee discussions several objectives were agreed to in a democratic manner by the Members of the H.U.U. One of these objectives is:

> Decent affordable housing for low income, moderate income, destitute families, single parents and single adult Hamiltonians.

The Membership of the Hamilton Union of Unemployed is made up of Union and Non-Union members who were laid off work from Businesses, Industries and Governments operating in the Hamilton-Wentworth Region. Men and women of all ages comprise the Hamilton Union of Unemployed. We have letters of support for our endeavors from political representatives from all political Parties in the Hamilton-Wentworth Region.

We are supported by numerous Local Unions in the Region, the Hamilton & District Labour Council, The Hamilton Brantford Building Trades Council, Churches of ALL Denominations, and Unemployed Help Centres.

The Hamilton Union of Unemployed is funded totally by donations from organizations and individuals. All work done for the H.U.U. is on a voluntary basis.

THE NEED FOR DECENT AFFORDABLE HOUSING

A report dated January 24, 1984, to the City of Hamilton, prepared by the Regional Municipality of Hamilton-Wentworth Planning and Development Department, indentified a need for 556 additional assisted housing units, in addition to assisted housing units that might be provided by private non-profit housing groups.[1]

Hamilton-Wentworth housing authority waiting list for assisted housing regularly fluctuates between 800 to 1000 families in need per month.[2]

In addition to new assisted housing requirements, hundreds of rental units presently occupied by families in need of assistance are becoming SLUMS because of the neglect of landlords. These housing units are becoming unlivable even by the minimum standards of the health and fire departments.

> The apartment vacancy rate is currently .8 per cent. Since 1979, Only 40 apartment units have been built in the city. These were in fact a private non-profit seniors project.[3]

Because of demolition or condominium conversion, the number of rental units in Hamilton declined by 1322 units from 1977-82.

The need for decent affordable housing is evident to social service agencies, concerned political representatives, and charitable organizations who deal with the day to day hardships of low income families, destitute families, single parents and single adult Hamiltonians.

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1. Report by Regional Municipality of Hamilton to the City of Hamilton, January 24, 1984, p. 1.

2. Ibid., p. 7.

3. Ibid.

Thousands of Hamiltonians are being deprived of decent affordable housing. This deprivation of a decent affordable home is greatly responsible for family disputes and breakups, mental anguish and breakdowns and an increased crime rate.

In order to take advantage of Federal and Provincial funding for assisted housing, almost every other municipality in Ontario has established a municipal non-profit housing corporation or are in the process of doing so.

JOB CREATION

"Canada Manpower reports 28,000 men and women are unemployed in the Hamilton-Burlington area. In Hamilton-Wentworth the welfare system supports 16,000 people." (The Spectator, March 19, 1984). The Hamilton Brantford Building Trades report an unemployment rate of 60% or 6,000 of their membership.

A rough measure of the number of new jobs which could be created by additional housing construction was estimated by Clayton Study Associates for H.U.D.A.C., a Canadian construction group. The Clayton Study concluded that every 10,000 additional single detached housing units creates 7,738 direct jobs and about 25,000 new jobs for the total economy. (The Toronto Star, November 25, 1983).

It has been estimated that 43 new jobs are created for every 1 million dollars of new construction. (The Toronto Star, March 18, 1984). Adoption of the City of Hamilton Planning and Development Department recommendations to establish a municipal non-profit housing corporation would help to alleviate the unem-

ployment and welfare rolls in the City of Hamilton.

MUNICIPAL NON-PROFIT HOUSING AND PRIVATE NON-PROFIT HOUSING

* The increasing shortage of decent affordable housing units and increasing waiting lists for assisted housing units is proof that this type of housing is being boycotted by enterpreneurs and speculators and that private non-profit housing groups are incapable of fulfilling the need for decent affordable housing units.
* Municipal non-profit housing projects must provide a minimum of 15% of its family units on a rent-geared-to-income (R.G.I.) basis. A maximum of 40% of the units can be R.G.I. if the O.H.C. rating system is used. There are no such guarantees for private non-profit projects.[4] For example, Victoria Park Community Homes, which has over 900 family units, has only 8% of its units R.G.I.[5]
* A municipal non-profit housing corporation will have more influence on local authorities to carry our land banking, rezoning, and expropriation of slum housing from landlords who refuse to rehabilitate their properties.
* The corporation could house the neediest families who are not considered by the private groups.[6]
* The needs of the people for decent affordable housing should not be forever subject to the whims of enterpreneurs or Boards of Directors of private non-profit housing who may change the rules or decide to quit altogether.

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4. Ibid., p. 6.
5. Ibid.
6. Ibid., p. 13.

* A municipal non-profit housing corporation would be answerable to elected political representatives for the proper carrying out of their mandate.

CONCLUSION

Enterpreneurs and speculators are boycotting the building of decent affordable housing for ordinary Canadians. Private non-profit housing groups are incapable of fulfilling the need for assisted housing units. There is no alternative but for governments to intervene and fulfill the needs of the people.

A municipal non-profit housing corporation is the only vehicle that is recognized (by the Provincial Government) for the City to apply for funding that is presently reserved for municipal non-profit housing.

A municipal non-profit housing corporation will enable the City to add its influence in co-operation with private non-profit groups to pressure other levels of Government to provide adequate funding in order to fulfill the needs of the people for decent affordable housing.

The need for assisted housing and jobs is urgent. The H.U.U. respectfully request that the Planning and Development Committee reaffirm its recommendation to establish a municipal non-profit housing corporation.

Kerry Wilson, President

Terry Tew, Secretary

Terry Fraser, Organizer

A Brief

To the City of Hamilton

Planning and Development Committee

Concerning

Municipal Non-Profit Housing

Submitted by

The Hamilton Area Committee

of the Communist Party of Canada

March 28, 1984

Mr/Ms Chairperson, Members of the Committee, Ladies and Gentlemen:

As you are no doubt aware, Mayors and housing experts from ten cities met earlier this month with Toronto Mayor Art Eggleton, to form a common front on the issue of the massive need for public municipal non-profit housing across Ontario.

As you are also no doubt aware, the Mayors will be returning to Toronto on April 9 to meet with Premier Bill Davis and Housing Minister Claude Bennett, and are in the process as well of arranging a meeting with federal housing minister Romeo LeBlanc.

We must say at the outset that we are most surprised to learn that Mayor Bob Morrow was not amongst them, in view of the fact that Hamilton has one of the most critical housing shortages in the province, as shown in the Report prepared by the Regional Planning and Development Department in January of this year entitled Municipal Non-Profit Housing.

The Report, which was prepared specifically for the City of Hamilton, is an excellent piece of work by the staff, and makes a number of recommendations - some of which are urgent, which we urge Council to act on immediately.

The Report notes that "the apartment vacancy rate in the City is currently .8 per cent. It has been less than 1 per cent since October 1981 and less than 2 per cent since April 1980. This is a critically low level, especially since approximately half of Hamilton's households are rental. Of equal concern is the lack of new apartment construction. Since 1980, only 40 apartment units have been built in the City. These were in fact a private non-profit seniors project." (p.7)

In citing the above, two conclusions are evident: first that the private sector is either unwilling and/or unable to meet the need for affordable housing in Hamilton, as evidenced by the fact that not one single apartment unit has been built by the private sector in the City in the last four years; and second, that the City must get involved in the construction and maintenance of publicly owned housing if the acute need for low-cost, low-rental housing is to be met.

With respect to the first point we must say that the housing crisis in Hamilton has been a long time in the making. Provincial and federal government policy have aggravated the problem rather than resolving it. Ten years later we are suffering the results of the Comay Report (Ontario) which stated, in 1973: "The Task Force implicity acknowledges the current majority view that the supply of housing is primarily undertaken by the private sector as a normal production process carried out for profit, and that the public sector's main responsibilities are that part of the process not served by the private market." (Emphasis added)

The federal government's attitude has been much the same, although it has not been stated quite so explicitly.

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The development of a critical housing shortage in Hamilton and elsewhere in the province, was thus both a logical and a foreseeable outcome of this policy, as it will continue to be for some time into the future. That is to say, so long as housing is left almost entirely in the hands of private enterprise, which as the Comay Report states, is in business to make money, and incidentally to build housing.

The infinitessimally small figure of 900 units which the Davis government has slated for provincial subsidies to be shared by municipalities across the entire province, in 1984, is a real travesty, and an acute reflection of the government's almost complete complete lack of concern for the poor and working people in general across Ontario's municipalities. Add to this the current speculation that even this paltry figure may be reduced, and the result will be a hey-day in rent increases and super-profits on existing properties owned by corporate landlords, such as has already taken place in Toronto.

It's common knowledge that even in Hamilton with one of the lowest priced markets in the province, the price of housing is so steep that very few of those working (let alone those who are not) can now afford to buy a home. In fact many of those who once owned townhouses, and other accommodation in the City, are now renting exactly the same space that they once owned. Once again this is in major part, a result of the government's housing policy which does little to alleviate the tight market, and then does even less to prevent the corporate gouging of tenants and home-owners who are victims of this tight market.

All of this points to the fact that housing, like every other essential service, must become a public utility. Shelter, like water, is essential to life; people cannot live without it.

And secondly, peoples' needs for housing must come before corporate profits. In truth, this is the message that will, in one way or another, be delivered by the Mayors when they meet with the Davis government on April 9. It is a message that deserves the full support of Council, and of the Mayor of Hamilton whom, we would hope, will participate in that delegation, and add his voice to those who will be demanding that the governments vastly expand their commitment to municipalities for housing.

Having said this, the City's demand for a new commitment by the federal and provincial governments, would be shored up immensely were Council to move now to establish a Municipal Non-Profit Housing Corporation.

Once again the Regional Planning and Development Department's Report cites the need. With 800 to 1,000 families per month waiting for housing on the Hamilton Wentworth Housing Authority waiting lists, and a targeted need of 556 additional units in the next three years - units over and above these expected to be provided by the private non-profit sector - there is no denying the critical and urgent need for publicly owned housing and the establishment of a Municipal Non-Profit Housing Corporation.

This, combined with the facts that (1) municipal non-profit housing would not affect private non-profit housing because the allocations

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are separate (2) municipal non-profit housing could provide a rent-geared-to-income (RGI) ratio of 40% if the OHA point rating system were used, whereas private non-profit housing could provide an RGI ratio of 15% maximum (3) municipal non-profit housing could provide thousands of jobs for Hamiltonians over and above what the private and private non-profit housing sectors could provide (4) municipal non-profit housing construction could be carried through at no cost to the taxpayer (5) municipal non-profit housing would allow the City to anticipate, plan and control housing needs in the City (6) municipal non-profit housing could ensure that services were supplied, and housing ghettos prevented, as a result of the City's control and ability to plan, and (7) municipal non-profit housing could guarantee the fullest possible input and involvement of tenants, are factors which vastly outweigh any concerns that have been raised to date about the advisability of proceeding to set up a Municipal Non-Profit Housing Corporation in Hamilton.

Furthermore, municipal non-profit housing will increase the supply of affordable housing per se in the City, and will have the immediate effect therefore of helping to keep the price of private (corporate) built housing at a more reasonable level.

On the question of jobs alone, the City would be well advised to proceed. In the construction industry, almost 60% of most trades are currently out of work, with nothing on the horizon but a new recession. Hundreds of these people could be put to work immediately through a municipal non-profit housing program. And this is not to mention the hundreds, and perhaps thousands of workers who could go back to work in the "spin-off" industries, such as the furniture and appliance industries; and in the industries which supply construction materials, not the least of which is the steel industry.

Also to be considered are the thousands of young people in Hamilton who are unemployed, have no training, no income, and no opportunity to achieve any of these. This is the "lost generation" of the 80s. Council has an opportunity here, to do something about it, to give them some training, some work and some hope, in the Ambitious City.

These are not insignificant factors, when it is considered that it is once again Hamilton's taxpayers (i.e. homeowners and tenants) who are footing the bulk of the social and economic costs of the current, not to mention the future, recessions. Steady employment keeps people off the UI and welfare rolls, and that means tax relief. Steady employment means security, and that means spending on goods and services - much of which will go to local businesses and into the local economy. This is turn, might be just enough to keep some small businesses who are now on the "edge", from going under.

With all of this in mind, we must say that we find the actions of the Kiwanis Club contradictory to say the least.

If indeed they are concerned about the shortage of housing, one would expect them to be busy lobbying Council in favour of municipal non-profit housing.

Certainly there was nothing involved in the proposals before Council

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that would infringe on the very limited housing program that the Kiwanis has undertaken. The fact that the City could and should develop a massive and city-wide housing program that could also provide for geared-to-income housing at up to 40%, which is something that the Kiwanis obviously cannot do, should have been warmly welcomed by Kiwanis members we would have thought.

At the very least, we find it strange, and more - unacceptable - that the Kiwanis Club would deviate so far from its espoused policy of good works, to actually lobby Council to turn down the proposal, and thus leave Hamiltonians in the grip of the housing crisis with no way out.

We find it strange too, but perhaps not unrelated, that in their January 1983 submission to the Regional Planning and Development Committee, they suggest that poorly maintained housing is the result of a negative attitude on the part of tenants, (p. 9-10 of the Submission) implicit in this being the view that tenants in public housing are not responsible people. This is a view which we totally reject.

We urge you, members of the Committee, to recommend to Council as a whole, that Hamilton proceed with the development of a Municipal Non-Profit Housing Corporation, that it be started at an early date, and that union labour be used in all phases of the construction program.

We also urge you to recommend, that alongside and in preparation for the devlopment of public housing, Council start accumulating land on an immediate and long-term basis, in the form of a land bank, so as to ensure that the taxpayers are not further gouged by unscrupulous speculators and developers, who would not hesitate to profit off the backs of the needy in this community.

Respectfully submitted,

Hamilton Area Committee
Communist Party of Canada

PRESENTATION TO CITY OF HAMILTON

PLANNING COMMITTEE

The most frustrating problem we face in the constituency offices is the lack of affordable housing.

This area has been studied with many reports issued. Social Planning and Research Council has outlined their recommendations in the April 1982 Task Force and the city's own planning department has reinforced the need for municipal non-profit; but here we are again.

> A husband and wife in their twenties, unemployed for several months. On U.I.C. and will receive welfare unless he finds work shortly. Two children, 2 yr. and 2 months. Apartment heat is erratic (most of the time in the teens). Has given notice to vacate. Other accommodation is too expensive.

The evidence for municipal non-profit is still there, and the situation is deteriorating. It is time for the City of Hamilton to become involved.

We would stress that you consider the following four areas in your deliberations.

1) Hamilton, unlike other communities, has no emergency housing available for families. If after a fire or eviction, housing is there for women and children, with a separate place for men. The family is split at a most inopportune time.
The example of Family and Veterans Residence in Toronto is and continues to be a successfully operated short-term housing shelter.
Hamilton must establish an emergency shelter for families.

2) The provision of housing is only a part of the solution. One must not forget the importance of amenities, including adequate play areas, play equipment,plus the need for support services.
In too many situations, projects are constructed with little regard for the existing community, and no contact with existing agencies.
One must only look to Hamilton east Kiwanis Non-Profit Homes for an innovative solution to this problem.
In their project at 549 Barton St. East, an agreement

was made with St. Matthew's House to assist the residents. This has been highly successful for both parties. The City must consider the availability of support services when establishing a municipal non-profit housing project.

3) With the four actors presently providing low-income housing, Hamilton-Wentwoth Housing Authority, Victoria Park Community Homes, Urban Native Homes, and Hamilton East Kiwanis Non-Profit Homes, each maintains a separate waiting list. It is impossible to verify a true need for assisted housing in the city. From personal experience some people only apply with one agency, because of personal preference, location, social aspect, or any number of reasons. It is crutial that a true demand for housing be established.
We suggest that the City in co-operation with the other public and private housing providers have a joint waiting list.

4) A new population has begun to call the constituency offices in the past year.

> A single mother, in her forties, with two grown children, now on their own. Asked to vacate H.W.H.A. apartment because in a family unit. Receiving G.W.A. Does not have first and last months rent. Only housing available costs $250-$300 per month.

For the most part, all the housing is geared to families. The "Empty Nesters" are a forgotten group. In too many instances, they are paying over 50% of their income towards rent, spending their life inside the apartment, surviving from day to day, asking agencies for food all through the month.
We recommend that the City consider providing housing for single people.

We, as front line workers, see the struggle people in this city face because of unemployment. After being self-supporting for many years, to be suddenly laid-off, with a limited income, they come to us for help. The housing agencies have done a good job meeting some of the need, but it is not enough.
With the introduction of municipal non-profit housing a dent can be put in the minimum of over 800 waiting for low income housing.

Doug Decker Dorothy Marchesan John Roy

CITY OF HAMILTON

MUNICIPAL

NON-PROFIT HOUSING

BRIEF

PREPARED BY
THE HAMILTON & DISTRICT HOME
BUILDERS' ASSOCIATION OF HUDAC
MARCH, 1984.

MUNICIPAL NON-PROFIT HOUSING BRIEF

The Hamilton and District Home Builders Association representing some 300 member companies, would like to thank the City of Hamilton, Planning and Development Committee for the opportunity to comment on the subject of a Municipal Non-Profit Housing Corporation for the City of Hamilton as defined under Section 56.1 of the National Housing Act.

The Hamilton and District Home Builders' Association are opposed in principal to subsidized Municipal or Private Non-Profit Housing. We as individual taxpayers and as an Association recognize the fact that there is a segment of the population in our society that cannot for one reason or another afford the cost of adequate accommodation. We also recognize the fact that our society as a whole must endeavour to provide for those who cannot provide for themselves. We feel that this principal is a cornerstone in the evolution of a humane and responsible social order. Our Association does not oppose this social obligation but we do oppose any program which has the effect of re-directing funds from those in need to those who are capable of providing for themselves.

We must all realize the fact that the available resources of all levels of Government and Society are finite. We must also recognize the fact that the number of individuals in need are large and with the resources available it is a difficult task to assist all that are truly in need.

(Continued . . . 2)

For these reasons we as individuals must ensure that any program which is Government funded must be targeted to those truly in need and their cost-effectiveness must be closely monitored in order to insure that the intent of the program is achieved with respect to cost-effectiveness and targeting.

A November 1983 report prepared by C.M.H.C. on the subject of Municipal and Private Non-Profit and Co-operative Housing Programs under Section 56.1 of National Housing Act, concluded that these programs are not a cost effective way of producing rent geared-to-income housing and have only a marginal impact on the out-standing need for assistance.

The C.M.H.C. report stated that the program, if expressed in terms of assistance to families truly in need, assists only 1% of those in need. The average annual first year subsidy is $4,409 but if the total subsidy is applied to only those units occupied by people needy enough to qualify for rent geared to income, then the average annual subsidy is $13,934.

The report further states that construction costs for housing built under the program are an average of 60 per cent higher than comparable units build by the private sector. The monthly operating costs are also 30 per cent higher than units managed in the private sector.

(Continued . . . 3)

Our Association at local, Provincial and National levels have for the past several years opposed these programs and have advocated the concept of shelter allowance for those in need for the amount required and only for as long as the need exists.

Together with shelter allowances the Province should be encouraged to remove rent controls which would return the Rental Market back to the free Market Place, under which private industry would create the required rental supply to satisfy the market demand.

However, to-day we would like to direct our remarks and comments to the City of Hamilton's consideration of the creation of a Municipal Non-Profit Housing Corporation.

Our Association has received and reviewed a Report dated January, 1984 prepared for the City of Hamilton by the Regional Municipality of Hamilton-Wentworth Planning and Development Department and would like to express our concerns.

1. Cost To The Local Taxpayer:

We challenge the conclusion in Section 1 of the Staff Report that states "A municipality can provide housing units at little or no cost to the local taxpayer."

(Continued . . . 4)

At a seminar on December 17, 1982 sponsored by the Regional Planning and Development Department to consider the formation of a Regional Municipal Non-Profit Housing Corporation, the comments and figures presented demonstrated that Municipalities which had Municipal Non-Profit Housing units were faced or would be faced with a funding shortfall and the burden would have to be levied on the local taxpayer.

A) Peter Smith, the Director of Peel Non-Profit Housing Corporation, indicated that if Peel did not produce at least 400 new units a year (and in 1983 they did not, due to the allotment)that the Peel Regional Council would have to make a decision and in all likelihood be faced with a funding commitment.

The January, 1984 Planning and Development Department Report cites that the Peel Municipal Non-Profit Housing Corporation can stay "afloat" by on-going development which allows the corporation to charge-back administration costs to project development.

Peel can stay "afloat"if they keep on building and receive the allocations required to break even. For 1984, Peel received an allocation of only 144 units but in order to breakeven they required a minimum of 280 units.

(Continued . . . 5)

B) The City of Ottawa's Non-Profit Housing Corporation costs their taxpayers nearly $500,000 yearly.

Ottawa received an allocation of 250 units in 1983 for their Municipal Non-Profit Housing Corporation. However in 1984 their allocations dropped to 25 units and they are now looking at budget short fall, for 1984 alone, of $225,000 that will have to be levied on the local taxpayers.

Does this Committee feel that it is justified in adding these types of burdens to the taxpayers of Hamilton?

C) The Toronto Non-Profit Housing Corporation "City Home" requires millions in local tax dollars to operate.

City Home of Toronto is funded by taxpayers indirectly. The January, 1984 staff report states in respect to Toronto's Cityhome "There is an implicit subidization of Cityhome by the City, through payment of staff time which is not recovered. It is extremely difficult to estimate the amount of money involved."

D) In December 1982, Hamilton's East Kiwanis Non-Profit Housing Corporation stated that to operate at a breakeven level, they estimated they must have an inventory of 500 homes and hundreds of unpaid volunteer manhours by experts in the private sector.

(Continued . . . 6)

E) Reverend Gary Quart of Victoria Park Community Homes indicated in December 1982, that they found it very difficult to run at breakeven and that the United Church had been very generous in both money and free manhours. This group has only 8% of their approximately 1000 units which are geared-to-income.

THEREFORE:

i) Why does staff feel they can operate a Municipal Non-Profit Housing Corporation on a no cost basis to the local taxpayer when other Municipal Non-Profit Housing Corporation and private Non-Profit Housing Corporation cannot?

ii) Can the City justify raising taxes for a Municipal Non-Profit Housing Corporation when the Private Non-Profit Housing Corporation are absorbing the Region's full allotment of units at NO COST to the taxpayers?

iii) The January 1984 staff report correctly suggests that the Non-Profit Housing Programs are under review by the Federal Government. Suggestions have been made that the program will at least be altered if not cancelled completely. Why, in light of this development, is staff or this committee considering the expenditure of taxpayer dollars and wasting of staff time on a project that has, at best, a dubious future?

(Continued . . . 7)

2. Competition For Allocations - Municipal VS. Private Non Profit Housing Corporations.

According to C.M.H.C.officials the total number of 1984 allocations for our region will be the same as in 1983 or 500 units.

The staff report of January 1984 states that C.M.H.C. already had applications from 35 private groups representing or requesting funding for 2000 units.

It is expected that funding under these programs over the next 3 years (until 1986) will be at best the same as in 1983 or 500 units per year. The Staff report also states that the number of allocations for any particular area will not increase regardless of whether a Municipal Non-Profit Housing Corporation exists or not.

Although in theory Municipal Non-Profit Housing Corporations are funded differently then Private Non-Profit the realities of the economy and the program demonstrate that whatever number of units are allocated to Municipal Non-Profit Housing Corporation, the total number of allocations for the Region or City remain the same. The overall effect would be the transfer of units from Private Non-Profit Housing sector to that of the Municipal Non-Profit sector and not one extra unit would be created.

There is a very strong demand by Private Non-Profit Housing Groups which already out pace allocations and the units are being provided at absolutely no cost to the local taxpayer.

(Continued . . .8)

If one keeps in mind the financial burdens which are being experienced by other Municipal Non-Profit Housing Corporations, the uncertainty of the Program, no increase in allocations for the City, the strong demand by the Private Non-Profit sector which will more than take up the precieved allocation, it is clear that the City of Hamilton not consider the formation of a Municipal Non-Profit Housing Corporation at this time.

3. Competition with Other Municipal Non-Profit Housing Corporation for Allocations.

A) The City of Hamilton will be competing with 100 other Municipalities for funds.

B) The number of Non-Profit Housing units in the Province of Ontario has been steadily decreasing. In 1982 the provincial total was 1,916 units. In 1983 the total Municipal allocation dropped to 1,845 units. In 1984 the total provincial allocations for Municipal Non-Profit Housing has dropped by 50% to 922 units.

With cut backs of this magnitude the existing Municipal Non-Profit Housing Corporations do not receive the minimum number of units that they require to operate at a breakeven point.

THEREFORE:

Does the City of Hamilton feel they can compete at an advantage with 100 other communities like Peel and Ottawa, with existing bureaucracies in place? How do they hope to achieve a portfolio of units which will create a situation or scale that can support a new bureaucracy at a breakeven point when other municipalities can not?

(Continued . . 9)

4. Comments of Conclusions of the January 1984 Staff Report

A) Conclusions 1,3,4,5,7.

In these conclusions staff suggests that with the involvement of a Municipal Non-Profit Housing Corporation the following could be achieved:

i) Increase the number assisted units in the City
ii) Could narrow the gap or shortfall of assisted housing required in the City.
iii) Increase the supply of low income housing as well as market rental units.
iw) Increase the vacancy rate.
v) Increase local assessement.
vi) Create jobs.

The authors of this report have failed to show how one extra assisted unit could be created at no cost to the taypayer.

The program works on an allotment basis. Regardless of the mix of Private Non-Profit or Municipal Non-Profit the allocation for the City would remain the same, not one extra unit would be created. The allocation for our city is already over subscribed by a ratio of 4 to 1 for 1984 with a backlog of over 1500 units. (Continued. . 10

This backlog can take up all future allocations, if the program is in existence,until 1987.

Not one extra assisted or market unit will be created, not one extra vacancy would be created in the existing housing stock. not one extra cent of local assesment received and not one extra job created.

We are now producing the maximum number of units under Section 56.1. The formation of a Municipal Non-Profit Corporation will have no impact on assisted or market housing but will definitely prove to be a financial burden to the local taxpayer in the future with no appreciable benefits to the community.

B) In conclusion(2) the report states that it (the municipality) would have control over part of the housing supply picture and contribute to the production of new housing.

What business does the city have in competing with Private Industry in the Market place where they cannot demonstrate any benefit to the community? Why not let the market place dictate housing strategy and production in our community?

C) The goals in conclusion (6) are admirable, but, staff could be more effective in preparing recommendations for a re-development plan for various city neighbourhoods and work with one or more of existing Private Non-Profit Housing Groups in achieving these goals.

(Continued . . . 11)

These goals are now being achieved through the East Hamilton Kiwanis and efforts should be made to encourage such re-developments.

This approach could facilate the efforts of existing groups with little or no cost to the taxpayer and very real and significant benefits to the community as a whole.

Conclusion (8) to us indicates the creation of a very costly and inefficient bureaucracy. In a society where all levels of Governement are examining ways of reducing costs, red tape and moving towards de-regulation or withdrawal of government intervention, the City of Hamilton is asked to consider the creation of a new bureaucracy and its resultant financial burden on the local taxpayer and again with no appreciable benefits to the community.

The last sentence of Conclusion (9) reads:
"It is an opportunity for the City to take a high profile in the provision of housing at relatively low cost."
This statement is somewhat more ambiguous than one of the opening remarks of the report which stated:

"A Municipality can provide housing units at little or no cost to the local taxpayer."

(Continued . . . 12)

The contradictions of these two statements suggest to us that the true costs and reasons for the formation of a Municipal Non-Profit Housing Corporation have not been fully explored or identified and the possible burden or impact to local taxpayers have not been considered.

CONCLUSIONS

1) The authors of the January, 1984 Staff Report have failed to show how one extra assisted unit could be created without a cost to the local taxpayers.

2) The dwindling allocations of assisted units should be left to existing private Non-Profit Corporations in our City.

3) The City of Hamilton has no business interfering with private industry and the market place in the supply and production of housing.

4) The City should not be creating any more bureaucracy to burden the local taxpayers.

5) The C.M.H.C. report on Municipal and Private Non-Profit and Co-operative Housing Programs concluded that these programs are not a cost effective way of producing rent geared-to-income housing and have only a marginal impact on the outstanding need for assistance. This would imply a dubious future and/or limited lifespan for these programs.

6) The Regional Municipality of Hamilton-Wentworth can and should take a lead role in this Province by insisting that the Provincial Government remove Rent Controls especially for areas outside of Metro Toronto.

(Continued . . . 14)

CONCLUSIONS CONTINUED

7) The City should recommend that the Region take a co-ordinating role to ensure that people most in need of help are given priority in the allocation of housing units under the existing assisted Housing Program.

Respectfully submitted,

Gordon J. Chiarot
President
Hamilton & District Home
Builders' Association of HUDAC

4. COUNCIL APPROVAL

8. Having held a public meeting to receive and consider input from various private non-profit housing corporations and other interested groups and organizations regarding the establishment of a Municipal Non-Profit Housing Corporation, the Planning and Development Committee respectfully recommends:

   a) That City Council approve in principle the establishment of a Municipal Non-Profit Housing Corporation;

   b) That the City utilize the $5,000. start-up grant to hire a consultant to conduct the Best Buy Analysis, Procurement Technique, approach to loan lenders, and incorporation of the Municipal Non-Profit Housing Corporation as the first steps in establishing a municipal non-profit housing project; and,

   c) That the decision to proceed with the production of non-profit units be reviewed again by Council once the Corporation is established.

EXPLANATORY NOTE

The Municipal Housing Statement Update identified a need for 556 additional assisted housing units, of which 139 would be rent-geared-to-income over the next three years. The Municipal Non-Profit Housing Program can provide the units and also can assist the City to meet other housing objectives and needs at little or no cost to the local taxpayer.

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